

FIN201 Principles of Financial Services

Syllabus Overview

This syllabus contains all relevant information about the course: its objectives and outcomes, the grading criteria, the texts and other materials of instruction, and weekly topics, outcomes, assignments, and due dates. Consider this your roadmap for the course. Please read through the syllabus carefully and ask questions if you would like anything clarified. Please print a copy of this syllabus for reference.

Course Description

3 Credits

Prerequisite: None

This course provides a thorough analysis of the characteristics of financial institutions, financial markets, and the overall U.S. financial system. The introduction of the course provides an overview of how financial intermediaries and non-depository financial institutions operate, and how they are regulated by the Federal Reserve System and other agencies. This course also provides a detailed investigation of interest rates, as well as risk/return and asset pricing models. Finally, the course examines primary and secondary markets for different types of financial assets.

Course Outcomes

At the completion of this course, students should be able to:

- Differentiate between primary and secondary markets, money, and capital markets.
- Describe the major functions and structure of the Federal Reserve System.
- Explain the specific factors that determine interest rates and the term structure of interest rates.
- Explain the differences in the required rate of return, expected rate of return, and realized rate of return.
- Define money markets, bond markets, and identify the major types of securities.
- Describe foreign exchange markets, foreign exchange rates, and derivative securities.
- Describe the functions and regulations of commercial banks and other lending institutions.
- Explain the types, functions, and regulators of security firms and investment banks.
- Identify the two types of insurance companies, their lines of business and explain private and public pension funds.

Communication with Your Instructor

You will receive a welcome email from your instructor prior to the start of class. This email will contain your instructor's contact information. Your instructor will also be communicating with you via several methods in the course, including:

- **Announcements** – This communication tool, located on the navigation menu within your course in Canvas, contains important updates. Be sure to check for new announcements from your instructor each time you access your course.
- **Q&A** – Use this discussion board, located on the Home screen in your course, to communicate with your instructor and classmates regarding general course questions (i.e. missing links, assignment clarification, etc.).
- **Inbox** – Use the Inbox, located in the top right corner of Canvas, to send a message to your instructor or classmates.

Materials and Resources

Required Textbook:

Saunders, A., Cornett, M. (7th Edition). *Financial Markets and Institutions*. McGraw Hill, 2019.

Bookstore Information

The bookstore can be located in the left-hand navigation of any Canvas course.

Library Services

Detailed information about the eLibrary can be found in the Student Resource Center. This is a course that all students have access to during their academic career.

Canvas Help Desk and Technical Questions

If you experience technical issues in your course, please contact the Canvas Help Desk by clicking the Help link (top right corner within Canvas). There are 3 ways to contact them:

- Phone (888-628-2749)
- Live chat
- Report a problem (submit a ticket)

Be sure to notify your instructor of any technical difficulties you are experiencing.

Additional resources are available in the Student Resource Center and the Canvas Guides website:

<http://guides.instructure.com>

Weekly Schedule

Week 1		Depository Institutions, the Federal Reserve, and Monetary Policy
Outcomes		<ul style="list-style-type: none"> Describe the major functions of the Federal Reserve System. Explain the structure of the Federal Reserve System. Identify the monetary policy tools used by the Federal Reserve. Explain how the central banks around the world adjusted their monetary policy during the recent financial crisis.
Readings		<p>Saunders, A., Cornett, M. (7th Edition). <i>Financial Markets and Institutions</i>. McGraw Hill, 2019.</p> <ul style="list-style-type: none"> Chapter 1 - Introduction Chapter 4 - The Federal Reserve System, Monetary Policy, and Interest Rates
Supplemental Video		<p>Yahoo Finance. (2019, March 15). <i>How does the Federal Reserve Work</i> [Video File]. Retrieved from https://www.youtube.com/watch?v=t4wsYSDeZC4</p>
Lectures		<ul style="list-style-type: none"> Lecture Week 1-1 Lecture Week 1-2
Discussion		<p>Financial institutions Initial discussion post Due <u>Thursday</u> (6:00 AM, Eastern Time). Discussion closes Due <u>Monday</u> (6:00 AM, Eastern Time).</p>
Assignment		<p>Week 1 Assignment Due Monday (6:00 AM, EST).</p>

Week 2		Determinants of Asset Prices and Interest Rates
Outcomes		<ul style="list-style-type: none"> Identify the specific factors that determine interest rates. Explain how interest rates are used to determine present and future values. Describe how maturity, yield to maturity, and coupon rates affect the duration of a security. Calculate bond and equity values.

Readings	<i>Financial Markets and Institutions. (7th Edition)</i> <ul style="list-style-type: none"> • Chapter 2 - Determinants of Interest Rates • Chapter 3 - Interest Rates and Security Valuation
Lectures	<ul style="list-style-type: none"> • Lecture Week 2-1 • Lecture Week 2-2
Discussion	<p>Interest Rates</p> <p>Initial discussion post Due <u>Thursday</u> (6:00AM, Eastern Time). Discussion closes Due <u>Monday</u> (6:00 AM, Eastern Time).</p>
Assignment	Week 2 Assignment Due Monday (6:00 AM, EST).
Quiz	Week 2 Quiz Due <u>Monday</u> (6:00 AM, EST).

Week 3 Organization and Structure of Equity Markets	
Outcomes	<ul style="list-style-type: none"> • Define money markets and the major types of money market securities. • Describe the extent to which foreign investors participate in the U.S. money markets. • Identify the major characteristics of common and preferred stock. • Explain the three forms of market efficiency. • Describe the process by which common stock is issued in primary stockmarkets.
Readings	<i>Financial Markets and Institutions. (6th Edition)</i> <ul style="list-style-type: none"> • Chapter 5 – Money Markets • Chapter 8 – Stock Markets
Lectures	<ul style="list-style-type: none"> • Lecture Week 3-1 • Lecture Week 3-2
Discussion	<p>Efficient Market Hypothesis</p> <p>Initial discussion post Due <u>Thursday</u> (6:00AM, Eastern Time). Discussion closes Due <u>Monday</u> (6:00 AM, Eastern Time).</p>
Assignment	Week 3 Assignment Due Monday (6:00 AM, EST).

Week 4 Organization and Structure of the Bond Market	
Outcomes	<ul style="list-style-type: none"> • Identify the major bond markets. • Describe the characteristics of the various bond market securities. • Identify the major bond market participants. • Describe the types of securities traded in international bond markets.
Readings	<p><i>Financial Markets and Institutions</i>. (7th Edition)</p> <ul style="list-style-type: none"> • Chapter 6 - Bond Markets • Chapter 20 - Managing Credit Risk on the Balance Sheet
Lectures	<ul style="list-style-type: none"> • Lecture Week 4-1 • Lecture Week 4-2
Discussion	<p>Interest Rates Initial discussion post Due <u>Thursday</u> (6:00AM, Eastern Time). Discussion closes Due <u>Monday</u> (6:00 AM, Eastern Time).</p>
Assignment	<p>Week 4 Assignment Due Monday (6:00 AM, EST).</p>
Quiz	<p>Week 4 Quiz Due <u>Monday</u> (6:00 AM, EST).</p>

Week 5 Foreign Exchanges and Derivatives	
Outcomes	<ul style="list-style-type: none"> • Describe the role of financial institutions in foreign exchange transactions. • Identify the relationship between interest rates, inflation, and exchange rates. • Distinguish between forward and future contracts. • Recognize what options contracts are and the information found in an options quote.

Readings	<i>Financial Markets and Institutions</i> . (6th Edition) <ul style="list-style-type: none"> • Chapter 9 - Foreign Exchange Markets • Chapter 10 - Derivative Securities Markets
Lectures	Lecture Week 5-1 Lecture Week 5-2
Discussion	Derivatives Initial discussion post Due <u>Thursday</u> (6:00AM, Eastern Time). Discussion closes Due <u>Monday</u> (6:00 AM, Eastern Time).
Assignment	Week 5 Assignment Due Monday (6:00 AM, EST)

Week 6 Commercial Banking	
Outcomes	<ul style="list-style-type: none"> • Define the main assets and liabilities held by commercial banks. • Explain the factors influencing the significant decrease in the number of commercial banks. • Describe the major bank regulations including the capital regulations that commercial banks must meet. • Compare and contrast savings institutions, credit unions, and finance companies.
Readings	<i>Financial Markets and Institutions</i> . (7th Edition) <ul style="list-style-type: none"> • Chapter 11 - Commercial Banks • Chapter 13 - Regulation of Commercial Banks • Chapter 14 - Other Lending Institutions
Lectures	<ul style="list-style-type: none"> • Lecture Week 6-1 • Lecture Week 6-2
Discussion	Commercial Banks Initial discussion post Due <u>Thursday</u> (6:00AM, Eastern Time). Discussion closes Due <u>Monday</u> (6:00 AM, Eastern Time).

Assignment	Written assignment on commercial banking Due <u>Monday</u> (6:00 AM, EST).
Quiz	Week 6 Quiz Due <u>Monday</u> (6:00 AM, EST).

Week 7 Security Firms and Investment Banking	
Outcomes	<ul style="list-style-type: none"> • Describe the main activities of security firms and investment banks. • Identify the main regulators of securities firms and investment banks. • Explain the differences between open-ended, closed-ended, unit investment funds, and hedge funds. • Calculate the net asset value and the return on a mutual fund investment.
Readings	<i>Financial Markets and Institutions</i> . (6th Edition) <ul style="list-style-type: none"> • Chapter 16 - Securities Firms and Investment Banks • Chapter 17 - Investment Companies
Lectures	<ul style="list-style-type: none"> • Lecture Week 7-1 • Lecture Week 7-2
Discussion	Investment banking Initial discussion post Due <u>Thursday</u> (6:00AM, Eastern Time). Discussion closes Due <u>Monday</u> (6:00 AM, Eastern Time).
Assignment	Week 7 Homework Assignment Due Monday (6:00 AM, EST).

Week 8 Insurance Companies and Pension Funds	
Outcomes	<ul style="list-style-type: none"> • Identify the main assets and liabilities of life insurance companies and property-casualty insurance companies. • Classify the major regulations governing insurance companies. • Describe the differences between private and public pension funds. • Describe the major issues for pension funds in the global markets.

Readings	<i>Financial Markets and Institutions</i> . (6th Edition) <ul style="list-style-type: none"> • Chapter 15 - Insurance Companies • Chapter 18 - Pension Funds
Lectures	<ul style="list-style-type: none"> • Lecture Week 8-1
Discussion	<p>Insurance</p> <p>Initial discussion post Due <u>Thursday</u> (6:00AM, Eastern Time). Discussion closes Due Friday (6:00 AM, Eastern Time).</p>
Assignment	<p>Week 8 Assignment</p> <p><i>Keep in mind, this is a short week.</i> This assignment is due Friday (6:00 AM, EST).</p>
Quiz	<p>Week 8 Quiz</p> <p>Due Friday (6:00 AM, EST).</p>

Grading and Evaluation

Your grades will reflect the way in which you present and support your topics and positions in the various learning activities used in this course. The grades will be based on the quality and quantity of your comments and responses in the various activities.

Be sure to review the discussion and assignment rubrics in the course for specific grading criteria.

The various graded activities are weighted as follows:

Course Element	% of Final Grade
Discussions	35%
Assignments	40%
Quizzes	25%
Total	100%

Students will be expected to meet all the deadlines of the class as indicated throughout the course and in the syllabus. This is primarily so we don't get behind in the course. In addition, discussions cannot overlap from one week to the next. This is to ensure that all discussions and submissions take place within the week they are scheduled in order to be of value to the entire class as well as to help you not get behind. If there are extenuating circumstances, you will need to communicate that to the instructor and make arrangements accordingly, if appropriate.

Late Assignments: Exceptions are to be determined by the instructor on a case-by-case basis. There will be no opportunities for extra credit.

Learner Success Guidelines

These guidelines are provided to help you succeed in your coursework:

- Participate in the class introduction activity on the first day of class.
- Submit ALL assignments by the posted due dates and times.
- Check your emails daily.
- Contact Portal Help for logon problems or Canvas Help for technical issues with Canvas.
- Participate fully in all threaded discussions.
- Contact your instructor if you have questions about an assignment or need additional help completing your work successfully.

Academic dishonesty is grounds for dismissal from the program.

Academic Policies

The following Academic Policies can be found in the [Student Resource Center](#).

- Grading Criteria
- Reasonable Accommodations Policy
- Student Attendance Policy
- Academic Honesty and Integrity Policy
- Student Engagement and the Granting of Academic Credit
- Copyright Policy

Caveat

The above schedule, content, and procedures in this course are subject to change. All policies are superseded by the latest College Catalog available on our website: <https://www.cambridgecollege.edu/student-rights-complaints-grievances/student-code-conduct>