



UNIVERSITY
OF TASMANIA

School of Economics

Faculty of Commerce

BEA321 Banking and Financial Institutions

Semester 2, 2003

Unit Outline

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and

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CRICOS Provider Code: 00586B

Contact details

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Unit details

Campus & Mode: Hobart, Web CT Supported
Unit Weight: 12.5%
Prerequisite BEA110 Economics for Business

Teaching Staff: Dr Bruce Felmingham and Dr Arusha Cooray

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Unit description

The unit is a third year unit and one of four central finance units in the Finance major of the BCom and BEc. This unit contributes to the essential institutional framework for the Finance major.

Aim

The aims of this unit are as follows: to acquaint students with knowledge of financial intermediation and the Australian capital market institutions; to provide students with an understanding of the financial system and of the changing modes of exchange (eg., e-commerce); to provide insights into the workings of monetary policy and how institutions trade out of risk in practice.

The unit provides finance/economics students with a working knowledge of the financial system, and institutions. It involves an analysis of flow of funds in the financial system; long and short term securities markets; the deposit and non deposit taking institutions; the share market; e-commerce in capital markets; term and risk structure of interest rates; monetary policy; institutions in the forex market; institutional trading strategies and the use of derivatives.

Learning outcomes

On completion of this unit, you should be able to:

- Understand the flow of funds through the capital market.
- Know how the money supply is formed.
- Discover the nature of debt and equity securities markets.
- Evaluate the effect of the term and risk structure of interest rates on the markets above.
- Understand the structure of the domestic and forex financial institutions.
- Evaluation the dynamics of change wrought by the e-commerce revolution.
- Apply the knowledge acquired to the market strategies applied by the institutions to risk in particular.
- Understand the modus operandi of monetary policy.

Generic graduate attributes

- An ability to write financial reports in clear, readable English.
- An ability to understand screen trading and interpret graphics.
- Basic numerical/statistical skills.

Assumed skills

- Basic knowledge of financial maths.
- Knowledge of elementary graphical skills.

- Basic literacy standards in the English language.

Pre-requisites

BEA110 Economics for Business

Texts, references and learning resources

Prescribed text(s)

Valentine, T., Ford G. and Copp, R., *Financial Markets and Institutions in Australia*, 1st edition, Pearson Education, Australia, 2003, Acronym: VFC.

Recommended readings

Viney, C., *Financial Institutions, Instruments and Markets*, 4th edition, McGraw-Hill, Australia, Acronym: VIN.

Hunt, B. and Terry C., 2002, *Financial Institutions and Markets*, 3rd edition, Thomson, Melbourne, Acronym: HT.

Felmingham, B.S. and Coleman W.O., 1995, *Money and Finance in the Australian Economy*, Irwin, McGraw-Hill, Acronym : FC

Teaching arrangements

Lectures

There will be 1 two-hour lecture per week. Weeks 14 – 20 inclusive, will be taught by Dr Bruce Felmingham. Weeks 21 to 26 inclusive, will be taught by Dr Arusha Corray. The lecture will be held in Commerce Lecture Theatre 2 (COM_LTH2), on Monday 1.10 – 3.00pm.

Workshops

Workshops are held once weekly for one hour, on Thursday 9.00am – 9.50am, Commerce Lecture Theatre 1 (COM_LTH1). Workshops will start in Week 15.

Occupational health and safety (OH&S)

The University is committed to providing a safe and secure teaching and learning environment. In addition to specific requirements of this unit you should refer to the University's policy at: http://www.admin.utas.edu.au/hr/ohs/pol_proc/ohs.pdf

Unit schedule

| Week | Date | Topic | Readings/ Resources | | | |
|-------------------------------------|----------|---|------------------------|------------|------|---------------|
| Instructor: Bruce Felmingham | | | VFC | VIN | HT | FC |
| 14 | 14/07/03 | Flow of Funds in the Economy | Ch 1 | Ch 1 | Ch10 | Ch 2 |
| 15 | 21/07/03 | Money Supply, Debt and Liquidity Management | 2 | - | 10 | 7 |
| 16 | 28/07/03 | Debt Security Markets | 3 | 9, 10 | 11 | 9 |
| 17 | 4/08/03 | Deposit Taking Institutions | 4 | 2, 3 | 6, 7 | 16, 17, 21 |
| 18 | 11/08/03 | Managed and Superannuation Funds | 5 | 3 | 8 | 22 |
| 19 | 18/08/03 | First Hour – Quiz 1 Regulation of Financial Institutions | 6 | 3 | 9 | 20 |
| 20 | 25/08/03 | Term and Risk Structure of Interest Rates | 8 | ps 455-470 | - | 11 |
| Instructor: Arusha Corray | | | VFC | VIN | HT | FC |
| 21 | 1/09/03 | Interest Rates and Monetary Policy | 9 | 12.5 | - | 8 |
| 22 | 8/08/03 | Share Market Investments | 10 | 4, 6 | 12 | 12 |
| 23 | 15/08/03 | E-Commerce and Financial Markets | 11 | - | - | - |
| 24 | 22/08/03 | Market Trading and Technical Analysis | 13 | 7 | 15 | - |
| AVCC Common Week | | | | | | |
| 25 | 6/10/03 | First Hour – Quiz 2 Derivatives: Fixed Rates | 14 | - | 17 | 13, 14 |
| 26 | 13/10/03 | Derivates – Options | 15 | - | 20 | 14 |

Learning expectations and strategies

Expectations

The University is committed to high standards of professional conduct in all activities, and holds its commitment and responsibilities to its students as being of paramount importance. Likewise, it holds expectations about the responsibilities students have as they pursue their studies within the special environment the University offers.

The University's Code of Conduct for Teaching and Learning states:

Students are expected to participate actively and positively in the teaching/learning environment. They must attend classes when and as required, strive to maintain steady progress within the subject or unit framework, comply with workload expectations, and submit required work on time.

Learning strategies

If you need assistance in preparing for study please refer to your tutor or lecturer. For additional information refer to the Learning Development website : <http://www.utas.edu.au/learndev/>

If you will be using WebCT for the first time and would like some information on how to use WebCT refer to the following guide: http://www.utas.edu.au/coursesonline/docs/using_webct.pdf

Some of the units you will study use video conferencing to deliver lectures and tutorials. To enable you to get the best out of a video conference please refer to the following guide. <http://www.its.utas.edu.au/videoconf/vcstudentguide.pdf>

Assessment

The internal grade will be determined by your performance in two quizzes (worth 10 percent each) and one essay (worth 10 percent). Final examination will be three hours in duration.

Assessment summary

| Component | Weight/Value | Due date |
|------------|--------------|---|
| Quiz 1 | 10% | Week 19 |
| Quiz 2 | 10% | Week 25 |
| Essay | 10% | Week 25 Oct 6 th (by 4.00pm) |
| Final exam | 70% | Exam Period |
| Total | 100% | |

Essay

Two essay topics will be distributed on Monday 14th 2003. Students will choose one of the topics.

- Topic 1: Based on material taught in weeks 14 – 20.
- Topic 2: Based on material taught in weeks 21 – 26.

Essays carry 10 percent weight of final assessment.

The essay must be submitted by Monday October 6th, 2003, 4.00pm (Week 25).

Quizzes

Quiz 1: Based on material taught in weeks 14 – 18 and will be a multiple choice quiz. Weight: 10 percent. The quiz will be conducted in the first hour of week 19.

Quiz 2: Based on material taught in weeks 21 – 23. The quiz will be conducted in the first hour of week 25.

Submission of essay

All work must have the School of Economics Assignment Cover Sheet attached. The cover sheet will be available on the unit page on WebCT.

Please remember that you are responsible for lodging your written work on or before the due date. We suggest that you keep a copy – photocopying is ideal. Even in the most 'perfect' of systems, items sometimes go astray. Lodge your assignments in the box marked BEA321 on Level 4, Foyer Area, Commerce Building. Work will be returned during classes. Uncollected essays will be available from the Secretary's office, Room 407.

Requests for extensions

Extensions will only be granted on the basis of consultation with your lecturer before the due date. If you are ill, please provide a medical certificate so that this can be noted. If you are unable to attend the mid-semester test due to circumstances beyond your control, please inform your lecturer or the School Secretary before the test date.

Access to WebCT

The WebCT entry page is at <http://webct.utas.edu.au:8900/>. Click 'Log on to myWebCT' and enter the same username and password that you use for your University email account. Your personal WebCT page will appear, with the units in which you are enrolled listed at the top left of the screen. Click on the 'BEA321 Banking and Financial Institutions' link to gain access to the home page for this unit. Details about WebCT features are available on <http://www.webct.com/quickstart>. If you run into problems with WebCT, contact

the Help Desk on Telephone: 6324 3888, or Email:
HelpDesk@weboffice.utas.edu.au.

Penalties

Late submission of assignments and other forms of assessment will incur a penalty of:

| | | |
|---------------------------|---|--------------|
| 1 – business day late | = | 10% penalty |
| 2 – 5 business days late | = | 25% penalty |
| More than 5 business days | = | 100% penalty |

Academic referencing

Student writers need to back up their ideas by referring to scholarly literature, works of art and inventions that they have used. Failure to do so constitutes academic dishonesty (plagiarism), a matter considered by the University of Tasmania as a serious offence. It is important that students understand how to correctly refer to the work of others and maintain academic integrity.

The appropriate referencing style for this unit is

Baumol, William (1986), "Productivity Growth, Convergence and Welfare", *American Economic Review*, vol. 76, pp. 1072-85.

Maddison, Angus (1970), *Economic Progress and Policy in Developing Countries*, London, Allen and Unwin.

For information on presentation of assignments :

<http://www.utas.edu.au/library/assist/gpoa/gpoa.html>

Please read the following statement on plagiarism. Should you require clarification please see your unit coordinator or lecturer.

Plagiarism

Plagiarism is a form of cheating. It is taking and using someone else's thoughts, writings or inventions and representing them as your own; for example, using an author's words without putting them in quotation marks and citing the source, using an author's ideas without proper acknowledgment and citation or copying another student's work.

In fact the intentional copying and submission of someone else's work as one's own is a serious offence tantamount to academic fraud. It is a University offence punishable by a range of penalties that may range from a fine or deduction/cancellation of marks and, in the most serious of cases, exclusion from a unit, a course, or the University. **When in doubt consult your lecturer or tutor.** Details of penalties that can be imposed are available in the Ordinance of Student Discipline or at: www.utas.edu.au/plagiarism

Useful resources on academic integrity, including what it is and how to maintain it, are also available at http://www.utas.edu.au/tl/academic_integrity/index.html

Additional assistance

If you are experiencing difficulties with your studies or assignments, have personal or life planning issues, disability or illness which may affect your course of study, you should raise these with your lecturer.

Student Services staff are located in Hobart, Launceston and Burnie and provide a wide range of services to assist students, they include:

- Student Counsellor
- Careers Adviser
- Disability Adviser
- Student Employment Service.

Or visit the Student Services website at :
<http://student.admin.utas.edu.au/services/>

Should you require assistance in accessing the Library visit their website for more information at <http://www.utas.edu.au/library/>

Your contact Librarian for this unit is :

Heather Mitchell (ext 2306)

International Services website provides information on the assistance available to international students, visit their site at :
<http://www.international.utas.edu.au/index.html>

The Learning Development website has a wide range of resources on study skills and learning strategies, visit their site at : <http://www.utas.edu.au/learndev/>

Help resolving concerns about this unit

If you have any concerns or complaints with the administration and/or management in this unit or your BEc course of either a general or personal nature, then you should in the first instance discuss the matter with your lecturer. If you feel that you would rather discuss the issue with an independent person within the School of Economics, then contact the Ombusperson:

Dr Sarah Jennings
School of Economics
Room 413
email sarah.jennings@utas.edu.au

If the matter is still unresolved and you would like to know who to contact or the procedures for resolving your concern refer to the following website :
<http://student.admin.utas.edu.au/services/complaints/index.html>

The Hobart based Tasmanian University Union (TUU) or the Launceston/Burnie based Student Association (SA) may also be able to assist.

Unit feedback

The University of Tasmania, on a regular basis, evaluates its teaching and learning environment through the Student Evaluation of Teaching and Learning (SETL) system. The University values feedback from students and from time to time you will be asked to complete a SETL evaluation for a unit of study. For more information on SETL go to :

<http://student.admin.utas.edu.au/setl/index.html>