Southern Illinois University  
College of Business  
BA 532: Financial Institutions & Markets  
Spring 2013

Section 1: Mondays and Wednesdays, 11AM~12:15PM, Rehn 326  
Professor: Dr. Saiying Deng  
Office: Rehn 126A  
Office Hours: Mondays and Wednesdays, 12:30 ~ 1:30PM or by appointment  
Telephone: (618) 453-1418  
Email: sdeng@business.siu.edu


Highly Recommended: The Wall Street Journal, and Financial Times, etc.

Course Description  
The course objective is to develop an understanding of the management of financial institutions from a risk perspective, and introduce techniques to measure and manage various risks, including interest rate risk, market risk, credit risk, off balance sheet risk, and liquidity risk, etc., in financial institutions—particularly commercial banks.

Financial Calculator  
Financial calculator is required for this course, which makes your life much easier. I recommend using TI-BA II Plus, and will demonstrate how to use this model in class.

Grading Policy

<table>
<thead>
<tr>
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<th>Weights are as follows:</th>
<th>Grades will be assigned as follows:</th>
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<tbody>
<tr>
<td>Exam I</td>
<td>100 + 10 bonus</td>
<td>A: 360~430 points</td>
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<tr>
<td>Exam II</td>
<td>100 + 10 bonus</td>
<td>B: 320~359 points</td>
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<tr>
<td>Final Exam</td>
<td>100 + 10 bonus</td>
<td>C: 280~319 points</td>
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<tr>
<td>Quizzes</td>
<td>80</td>
<td>D: 240~279 points</td>
</tr>
<tr>
<td>Class Participation</td>
<td>20</td>
<td>F: Below 240 points</td>
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<tr>
<td>Total</td>
<td>400 + 30 bonus</td>
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Exams  
Two midterm exams and one final exam will be given for this course, and all exams are closed books, closed notes, and in class exams. The exams usually contain multiple choice questions and/or problems. There will be no makeup exam, unless you have a compelling reason (i.e., illness, etc.) for missing an exam, in which case valid documentation (doctor’s notes in the case
of illness, etc.) needs to be presented, and approved by the instructor at least 48 hours before the exam date. An unexcused absence from an exam will result in a grade of zero.

**Quizzes**
There will be 5 quizzes throughout the semester. Students who come in late will not be given extra time to finish the quizzes. So it is imperative that you come in on time. No make-up quiz will be given. The quiz with the lowest score will be dropped, and the other four quizzes with better scores will be counted toward your final grade.

**Participation**
I expect students to help creating a positive learning atmosphere by being prepared and participating in class discussion. Active involvement in class participation may increase learning effectiveness, and help students to learn from each other. The grading on participation will be based on the attached criteria.

**Academic Integrity**
SIU’s official policy on academic integrity and student conduct can be found at: [http://siuc.edu/~policies/policies/conduct.html](http://siuc.edu/~policies/policies/conduct.html) I suggest that you familiarize yourself with this policy as it will be strictly enforced.

**Emergency Procedures**
Southern Illinois University Carbondale is committed to providing a safe and healthy environment for study and work. Because some health and safety circumstances are beyond our control, we ask that you become familiar with the SIUC Emergency Response Plan and Building Emergency Response Team (BERT) program. Emergency response information is available on posters in buildings on campus, on the BERT’s website at [www.bert.siu.edu](http://www.bert.siu.edu), the Department of Public Safety’s website [www.dps.siu.edu](http://www.dps.siu.edu) (disaster drop down) and in the Emergency Response Guidelines pamphlet. Know how to respond to each type of emergency. Instructors will provide guidance and direction to students in the classroom in the event of an emergency affecting your location. **It is important that you follow these instructions and stay with your instructor during an evacuation or sheltering emergency.** The Building Emergency Response Team will provide assistance to your instructor in evacuating the building or sheltering within the facility.

**Disabilities**
Any student with disabilities, or other special needs, who requires special accommodations in this course, is encouraged to inform the instructor at the beginning of the semester. Instruction, evaluation, and materials will be adapted as required to provide equal participation.
Tentative Course Outline:

Part 1: January 14, 16, 23, 28  
   Chapter 1: Why Are Financial Institutions Special  
   Chapter 2: Depository Institutions

Part 2: January 30, February 4, 6, 11, 13, 18  
   Chapter 8: Interest Rate Risk I  
   Chapter 9: Interest Rate Risk II

February 20: 1st Midterm

Part 3: February 25, 27, March 4  
   Chapter 10: Market Risk

Part 4. March 6, March 18, 20  
   Chapter 22: Futures and Forwards

Spring Break: March 9~17

Part 5: March 25, 27, April 1, 3  
   Chapter 11: Credit Risk: Individual Loan Risk  
   Chapter 12: Credit Risk: Loan Portfolio and Concentration Risk  
   Chapter 25: Loan Sales

April 8: 2nd Midterm

Part 6: April 10, 15  
   Chapter 13: Off-Balance-Sheet Risk

Part 7: April 17, 22  
   Chapter 17: Liquidity Risk

Part 8: April 24, 29, May 1  
   Chapter 20: Capital Adequacy

May 7 (12:50AM~2:50PM): Final Exam
### Participation grading criteria*

<table>
<thead>
<tr>
<th>Grade</th>
<th>Criteria</th>
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<tr>
<td>0</td>
<td>Absent.</td>
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</table>
| 5     | • Present, not disruptive.  
     | • Tries to respond when called on but does not offer much.  
     | • Demonstrates very infrequent involvement in discussion. |
| 10    | • Demonstrates adequate preparation: knows basic case or reading facts, but does not show evidence of trying to interpret or analyze them.  
     | • Offers straightforward information (e.g., straight from the case or reading), without elaboration or very infrequently (perhaps once a class).  
     | • Does not offer to contribute to discussion, but contributes to a moderate degree when called on.  
     | • Demonstrates sporadic involvement. |
| 15    | • Demonstrates good preparation: knows case or reading facts well, has thought through implications of them.  
     | • Offers interpretations and analysis of case material (more than just facts) to class.  
     | • Contributes well to discussion in an ongoing way: responds to other students’ points, thinks through own points, questions others in a constructive way, offers and supports suggestions that may be counter to the majority opinion.  
     | • Demonstrates consistent ongoing involvement. |
| 20    | • Demonstrates excellent preparation: has analyzed case exceptionally well, relating it to readings and other material (e.g., readings, course material, discussions, experiences, etc.).  
     | • Offers analysis, synthesis, and evaluation of case material, e.g., puts together pieces of the discussion to develop new approaches that take the class further.  
     | • Contributes in a very significant way to ongoing discussion: keeps analysis focused, responds very thoughtfully to other students’ comments, contributes to the cooperative argument-building, suggests alternative ways of approaching material and helps class analyze which approaches are appropriate, etc.  
     | • Demonstrates ongoing very active involvement. |

*The criteria is based on ‘Grading class participation’, by Martha L. Maznevski, McIntire School of Commerce, University of Virginia, Spring 1996.*