

Course Outline

FINANCIAL INSTITUTIONS MANAGEMENT

FINA 481

FALL 2015

Wednesday 11:45 to 14:30

MB S1.435

Credits: 3

Professor: AMR ADDAS

Office: MB 12.252

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Office Hours: Tuesday and Thursday 10:30-11:30

Learning Description

Prerequisite: FINA 385, 395. This course provides students with an integrating framework for examining various types of financial institutions and the means of managing their operations. Topics include uniqueness of financial institutions; application of portfolio and corporate finance theories to the management of assets, liabilities, capital structure and off-balance sheet operations; interest rate and liquidity risk exposure; loan portfolio management, loan pricing and credit rationing; capital adequacy and regulatory environment. The strategic repercussions for such institutions, given the rapidly changing financial and regulatory environments, are also reviewed through the analysis of cases illustrating current issues.

Course Materials

Required Textbook available in the Concordia Bookstore

Financial Institutions Management – 5th Cdn. Ed.
Saunders, Cornett, McGraw ISBN: 0071051597

Teaching Method

The course slides are not meant as a complete set of notes or a substitute for the text book, but simply constitute the focus of the lecture. Important gaps are left in the slides which are filled in during class, thus lecture attendance should be considered obligatory. I will go through as many examples as is reasonable within the time available in order to demonstrate how to apply the theories and concepts of learned in class. You are strongly encouraged to solve the end-of-chapter problems in the book. This will allow you to test your understanding of the material after each chapter and should prepare you well for the examinations. Naturally, you are expected to read the relevant textbook material **before** class.

Evaluation

The final grade for the course will be based on the following components:

Class Participation	5%
Midterm Exam	30%
Group Lab Assignment	10%
Group Case Study	15%
Final Exam	<u>40%</u>
Total	100%

- **Case Analysis:** Students are expected to work in groups of three to five, no more and no less. The purpose of the case analysis is to allow you to develop and sharpen your analytical skills and to apply the analytical tools you will learn in class. This is best done in a group setting in order to resemble the environment you will face in your future careers. More details on the case analysis will be provided in class.
- Early or late midterms will not be granted. A student who misses the midterm exam will *receive a grade of zero* on the exam unless the student contacts me no later than the day of the exam AND the reason for the absence is convincing, verifiable and supported by documents. A decision will then be made on how to redistribute the weight of the midterm. I reserve the right to accept or reject the justification for missing the exam, even if supporting documents are provided.
- Both exams will contain multiple choice, short answer and problem solving questions. The final exam will be comprehensive, but with an emphasis on the material covered in the latter part of the course. For both exams, you will be responsible for what we cover in class, the assigned chapters in the book as well as any extra reading material I assign. Note that some of the material I will cover in class is not included in your book. It is therefore very important for you to attend class, despite the fact that I will not formally take attendance.

Course Schedule

The following outline is tentative and will depend on progress made in class. You will be notified of any change.

CLASS	DATE	TOPIC	Chapters
1	Sep 9	Why are Financial Institutions Special?	1, Appendix 1A
2	Sep 16	Financial Services Industry: • Deposit Taking Institutions • Securities, Brokerage & Investment Banking	2, Appendix 2B 4
3	Sep 23	Financial Services Industry: Insurance Companies Risks of Financial Intermediation	6 7
4	Sep 30	Interest Rate Risk I	8
5	Oct 7	Interest Rate Risk II	9
6	Oct 14	Credit Risk: Individual Loan Risk Credit Risk: Loan Portfolio and Concentration Risk	10 11
7	Oct 21	Midterm Examination	
8	Oct 28	Liquidity Risk Foreign Exchange Risk	12 13

9	Nov 4	Sovereign Risk Market Risk	14 15
10	Nov 11	Off-Balance Sheet Risk Technology and Other Operational Risks	16 17
11	Nov 18	Liability & Liquidity Management	18
12	Nov 25	Deposit Insurance and Other Liability Guarantees	19, Appendix 19A
13	Dec 2	Capital Adequacy	20

Disclaimer:

The professor reserves the right to change or update this outline, and any other course related materials, at any time. The student will be informed in a timely manner by email and announcements during class.

In the event that the University is unable to provide services or that courses are interrupted due to events beyond the reasonable control of the University, including classroom disruptions, the University reserves the right to modify any element contained in the course outline including but not limited to the grading scheme and the weight accorded to exams or assignments.

Academic Integrity

The most common offense under the Academic Code of Conduct is plagiarism which the Code defines as “the presentation of the work of another person as one’s own or without proper acknowledgement.”

This could be material copied word for word from books, journals, internet sites, professor’s course notes, etc. It could be material that is paraphrased but closely resembles the original source. It could be the work of a fellow student, for example, an answer on a quiz, data for a lab report, a paper or assignment completed by another student. It might be a paper purchased through one of the many available sources. Plagiarism does not refer to words alone - it can also refer to copying images, graphs, tables, and ideas. “Presentation” is not limited to written work. It also includes oral presentations, computer assignments and artistic works. Finally, if you translate the work of another person into French or English and do not cite the source, this is also plagiarism.

In simple words:

Do not copy, paraphrase or translate anything from anywhere without saying where you obtained it!

(Source: <http://www.concordia.ca/students/academic-integrity.html>)

Note on Tutorial Companies

Please note that private tutorial companies, some of whom aggressively promote their services on and off campus, are not authorized by Concordia University to distribute

flyers on University premises and may not use Concordia University facilities to promote or provide their services.

Concordia University and its academic departments do not have any affiliation with these companies even though names such as JMSB, Concordia, or references to specific departments often appear in a visible way on some flyers.

Support Services

Concordia University offers many on-campus support services that are available to students free of charge. The web link <http://www.concordia.ca/students/help4u.html> is a useful facility that guides students to a specific support service that can provide appropriate assistance.

Following is a list of support services offered by Concordia:

- Concordia Counselling and Development offers career services, psychological services, student learning services, etc. (concordia.ca/students/counselling-life-skills)
- The Concordia Library Citation and Style Guides: (library.concordia.ca/help/howto/citations)
- Student Success Centre: (concordia.ca/students/success)
- Health Services: (concordia.ca/students/health)
- Financial Aid & Awards: (concordia.ca/offices/faao)
- HOJO (Off Campus Housing and Job Bank): (csu.qc.ca/hojo)
- The Academic Integrity Website: (concordia.ca/students/academic-integrity)
- Access Centre for Students with Disabilities: (concordia.ca/offices/acsd)
- CSU Advocacy Centre: (csu.qc.ca/advocacy)
- Dean of Students Office: (concordia.ca/offices/dean-students)
- International Students Office: (concordia.ca/students/international)
- Student Hub: (concordia.ca/students)

Letter and Number Grades

The following list provides the equivalent letter and number grades for assignments in this course:

Letter	Number	
A+	90	- 100
A	85	- 89
A-	80	- 84
B+	77	- 79
B	73	- 76
B-	70	- 72

C+	67	-	69
C	63	-	66
C-	60	-	62
D+	57	-	59
D	53	-	56
D-	50	-	52
F	0	-	49

* D- is the minimum requirement to pass the course.