



BUSINESS SCHOOL
Te Kura Pakihi

FINC304 Financial Markets and Institutions

Semester One, 2022

This course outline contains information specific to this paper. For more general information common to your papers, please refer to the COMMERCE_UG_2022: Commerce Undergraduate Students site on Blackboard.

Paper Description and Aims

The paper explores financial intermediation and banking in New Zealand and internationally, with emphasis placed on the management, performance and regulation of banks. This is achieved through the linking of theory and contemporary practice and by having students manage a modern commercial bank as part of a team through the use of a competitive bank simulation game. The paper will explore a range of questions such as: Why do banks exist? How can we use accounting information to understand the performance of banks? How are banks and bank risks managed? Why and how are banks regulated? What is the future of banking internationally and in New Zealand?

Learning Outcomes

Upon successful completion of this paper, you should be able to [relevant Graduate Attribute]:

- **Appraise the role of banks in a modern society**
 - LO1.2 Critical Thinking
- **Analyse the financial statements of banks**
 - LO1.1 Information Literacy
 - LO2.1 Specialist Business Knowledge
- **Understand how banks are managed (in particular their risks, investments, liquidity and sources of funds)**
 - LO1.1 Information Literacy
 - LO2.1 Specialist Business Knowledge
- **Critically evaluate the impact of the main environmental forces of change on the strategies and performance of modern global banks**
 - LO1.2 Critical Thinking
 - LO2.1 Specialist Business Knowledge
 - LO6.2 Global Perspective
- **Understand why banks and financial services need regulation and distinguish between the different types of regulation and how these relate to ethical issues**
 - LO1.2 Critical thinking
 - LO5.1 Ethics
- **Manage a modern commercial bank as part of a team through the use of a competitive bank simulation game**
 - LO1.1 Information Literacy
 - LO2.1 Specialist Business knowledge
 - LO3.1 Written Communication
 - LO4.1 Teamwork

Teaching Staff

Paper Coordinator and Lecturer

Name: Ivan Diaz-Rainey
Office: CO5.28
Email: ivan.diaz-rainey@otago.ac.nz
Office Hours: Wednesday Midday to 1:30pm and Thursday 11am to Midday
• Note: students can attend office hours in person or by going to Zoom (see link below). If Ivan is not logged in, send him a quick email before or during office hours to say you will be there on zoom
Zoom: <https://otago.zoom.us/j/5421390129> (Password: ivan)

Lecturer and Tutor

Name: Steph Renzhu Zhang
Office: CO5.27
Email: renzhu.zhang@otago.ac.nz
Office Hours: Monday 4pm to 5pm and Friday 1pm to 3 pm
Zoom: <https://otago.zoom.us/j/8901321658> (Password: steph)

Class Representatives

Class representatives are an important means of communication between students and staff. Contact details for your student class representatives can be found on the Blackboard page for this paper.

Course Delivery

Every week students must attend three 50 minute lectures and one 50 minute tutorial session.

Lectures: Monday 10:00 to 10:50, Wednesday 14:00-14:50 and Thursday 10:00 to 10:50. Lectures present the key conceptual material through discussion and interaction between teaching staff and students. Lectures are supported by readings.

Tutorials: Tutorials are interactive, collaborative sessions in which students attempt to cement concepts presented at lectures with their peers in a supportive environment. Tutorials begin in the second week of semester. You will be allocated to a tutorial and this will be available in eVision.

Students who wish to change streams can email Stephen Hall-Jones (stephen.hall-jones@otago.ac.nz) or Margaret Grundy (margaret.grundy@otago.ac.nz) with the changes they wish to make and their student ID number. Students who wish to change streams must have a valid reason.

Team Banking Simulation Game: In addition to lectures and seminars, students will manage, as part of a team, a modern commercial bank through the use of a competitive bank simulation software.

Course Calendar The course calendar (in this outline) details scheduling information. Note that this calendar may change as the course proceeds. Any changes will be announced at lectures and be detailed on Blackboard.

Students are expected to prepare for and attend all classes to gain full benefit from the course.

Course Learning Resources

We will use a mix of a textbook and 'readings'. The readings will be available on Blackboard. The main textbook we will use will be:

- Rose, Peter, and Sylvia Hudgins. *Bank Management and Financial Services*. The McGraw-Hill, 2013 (9th edition) [There are five copies on reserve]

Also we will make use of the following online competitive simulation game

- CESIM Bank Management Simulation Game [The University will pay the fee for you to use the simulation]

Blackboard

<https://blackboard.otago.ac.nz/> provides you with access to course materials, class notices, and resources. Blackboard is used to email the whole class so it is important that you check your student email and *Blackboard* regularly.

Further information about student support, learning support and information, academic integrity and other University resources for students is available on the COMMERCE_UG_2022: Commerce Undergraduate Students site on Blackboard.

Student Webmail

We will use your student email account to email you information relevant to your programme. To forward your University email address to an email address that you use regularly:

1. Log into your StudentMail account (<http://www.otago.ac.nz/smlanding/>) using your student username and password.
2. Click the **Cog** button (top right corner).
3. Click on **Mail** under **Your App Settings**.
4. Under **Accounts** on left hand side, select **Forwarding**.
5. Under the Forwarding heading, type in the email address you want your email to be forwarded to. You can also choose to have a copy of these emails kept on your StudentMail account, so please check the box if you would like this.
6. Click the **Save** button.

Assessment

All material presented is examinable (except where stated otherwise) by assignments and the final examination. All important assessment information such as due dates and times, content, guidelines and so on will be discussed at lectures and, where appropriate, detailed on Blackboard. *Students are responsible for ensuring that they are aware of this information, keeping track of their own progress, and catching up on any missed classes.*

Assessment	Due date	% of final grade
AT1 Midterm	Week 7	10%
AT2a Simulation Practice and Competition Rounds	Week 3 to 9	3.5%
AT2b Team Bank Strategy	Week 5	1.5%
AT2c Team Simulation Report <ul style="list-style-type: none"> • 20% graded • 5% from peer evaluations • 4%, 2% and 1% bonuses for teams placed, respectively 1st, 2nd and 3rd (subject to a maximum grade of 100% for the <i>paper</i>) 	Week 11	25%
AT3 Final Exam (minimum 40% pass mark)	Exam period	60%

Course Requirements

To pass the paper you must achieve a

- ***weighted average of 50% from the Midterm, Simulation Assessed Tasks and Final Exam; AND***
- ***minimum grade in the final exam of 40%.***

Assessments

- **AT1 Midterm:** Will be multiple choice and will be in class (It will cover Topics 1 and 2)
- **AT2 Simulation:** This is a team-based exercise and has three components - (a) entering bank decisions over two practice and five competitive rounds; (b) document defining Team Bank Strategy; and (c) Team Simulation Report (covering performance over the five competitive rounds)
- **Final Exam:** It will cover all topics and will be a mix of computational questions and written questions
- **Terms requirement related to Tutorials:** To be able to sit the final exam, you must attend at least two-thirds of tutorials

Submission Procedure for AT2b and AT2c: Hard copy and via Blackboard (*submission will be run through SafeAssign plagiarism software*).

Late Assignments

In the absence of evidence of extenuating circumstances, assignment submitted late will receive a penalty of a reduction of the grade by 10 percentage points and an additional 5 percentage points for any subsequent days it is late.

Referencing Style and Style Guide

For this paper the referencing style is APA. Style guides are available on the University Library website: <http://www.otago.ac.nz/library/quicklinks/citation/index.html>

Learning Outcomes

Learning Outcome	Simulation	Midterm	Exam
Appraise the role of banks in a modern society		X	X
Analyse the financial statements of banks	X	X	X
Understand how banks are managed (in particular their risks, investments, liquidity and sources of funds)	X		X
Critically evaluate the impact of the main environmental forces of change on the strategies and performance of modern global banks	X	X	X
Understand why banks and financial services need regulation and distinguish between the different types of regulation and how these relate to ethical issues.	X		X
Manage a modern commercial bank as part of a team through the use of a competitive bank simulation game	X		

Course Calendar

Week	Week Starting	Date, Time and Delivery Method	Topic	Lect.	Reading	Tutorial	Assessment/ Simulation
1	28/02/22	Mon 28th Feb, 10:00am-10:50am [Livestream] Wed 2nd Mar, 2:00pm-2:50pm [Livestream] Thu 3rd Mar, 10:00am-10:50am [Livestream]	Topic 1: Introduction to Intermediation and Banking Simulation	Ivan	R&H 1, 2, 3, & Readings	No Tutorial	
2	07/03/22	Mon 7th Mar, 10:00am-10:50am [Livestream] Wed 9th Mar, 2:00pm-2:50pm [Livestream] Thu 10th Mar, 10:00am-10:50am [Livestream]				1. Video 1	
3	14/03/22	Mon 14th Mar, 10:00am-10:50am [Livestream] Wed 16th Mar, 2:00pm-2:50pm [Livestream] Thu 17th Mar, 10:00am-10:50am [Livestream]				2. Simulation	Sim. Practice 1
4	21/03/22	Mon 21st Mar, 10:00am-10:50am [Livestream] Wed 23rd Mar, 2:00pm-2:50pm [Livestream] Thu 24th Mar, 10:00am-10:50am [Livestream]	Topic 2: Measuring and Analysing the Performance of Banks	Steph	R&H 5 & 6	3. Analysis 1	Sim. Practice 2
5	28/03/22	Mon 28th Mar, 10:00am-10:50am [Livestream] Wed 30th Mar, 2:00pm-2:50pm [Livestream] Thu 31st Mar, 10:00am-10:50am [Livestream]				4. Analysis 2	Sim. Bank Strategy & Sim. Round 1
6	04/04/22	Mon 4th Apr, 10:00am-10:50am [Livestream] Wed 6th Apr, 2:00pm-2:50pm [Livestream] Thu 7th Apr, 10:00am-10:50am [Livestream]	Topic 3: Managing Banks (Risks, Investments, Liquidity and Sources of Funds) & Report Writing	Steph	R&H 7, 8, & 9	5. Analysis 3	Sim Round 2
7	11/04/22	Mon 11th Apr, 10am-12pm 12pm-2pm (Midterm) Wed 13th Apr, 2:00pm-2:50pm [Livestream] Thu 14th Apr, 10:00am-10:50am [Livestream]				6. Analysis 4	Midterm & Sim. Round 3
Mid Semester Break - Friday 15 April (Good Friday) to Monday 25 April (ANZAC Day)							
8	25/04/22	Wed 27th Apr, 2:00pm-2:50pm [TBC] Thu 28th Apr, 10:00am-10:50am [TBC]	Topic 3 (Cont.): Managing Banks (Risks, Investments, Liquidity and Sources of Funds) & Report Writing	Steph	R&H 10 to 15*	No Tutorial	Sim. Round 4
9	02/05/22	Mon 2nd May, 10:00am-10:50am [TBC] Wed 4th May, 2:00pm-2:50pm [TBC] Thu 5th May, 10:00am-10:50am [TBC]				7. Analysis 5	Sim. Round 5
10	09/05/22	Mon 9th May, 10:00am-10:50am [TBC] Wed 11th May, 2:00pm-2:50pm [TBC] Thu 12th May, 10:00am-10:50am [TBC]	Topic 4: Lending Decisions	Ivan	R&H 16,17,&18*	8. Analysis 6	
11	16/05/22	Mon 16th May, 10:00am-10:50am [TBC] Wed 18th May, 2:00pm-2:50pm - Guest Lecture [TBC] Thu 19th May, 10:00am-10:50am - Guest Lecture [TBC]	Topic 5: Ethics, Regulation, Central Banking and Crises (Climate Risk)	Ivan	Readings	9. Video 2	Sim. Report

12	23/05/22	Mon 23rd May, 10:00am-10:50am [TBC] Wed 25th May, 2:00pm-2:50pm [TBC] Thu 26th May, 10:00am-10:50am [TBC]				10. Revision	
13	30/05/22	Mon 30th May, 10:00am-10:50am [TBC] Wed 1st Jun, 2:00pm-2:50pm [TBC] Thu 2nd Jun, 10:00am-10:50am [TBC]	Buffer/Guest Lecture/Revision			No Tutorial	

* Some chapters will be explored in more detail than others

ANZAC Day Monday 25th April
Lectures end Friday 3rd June
University Exam Period Wednesday 8th June – Wednesday 22nd June

Disclaimer

While every effort is made to ensure that the information contained in this document is accurate, it is subject to change. Changes will be notified in class and via Blackboard. Students are encouraged to check Blackboard regularly. It is the student's responsibility to be informed.