AFIN803

Banking and Financial Intermediation

S2 Evening 2019

Department of Applied Finance

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General Information

Unit convenor and teaching staff Unit Convenor Dr Kim Hawtrey kim.hawtrey@mq.edu.au Contact via email by appointment
Credit points 4
Prerequisites ACST603 or ECON649
Corequisites
Co-badged status
Unit description This unit applies finance theory to the context of operational decision-making and risk management in banking and financial intermediation. The major decision areas for banking management are covered within a regulatory and corporate responsibility framework. The major global financial risks of financial intermediation considered are interest rate risk, credit risk, liquidity risk, foreign exchange risk and market risk.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at https://www.mq.edu.au/study/calendar-of-dates

Learning Outcomes

On successful completion of this unit, you will be able to:

Describe how financial institutions – especially banks – provide a special set of services to households and firms.

Explain how banks are regulated and why their risk-taking activities are subject to regulatory oversight.

Evaluate the risks which banks face and demonstrate how these risks are managed.

Assess the adequacy of a bank's capital base.

General Assessment Information

Feedback prior to the census date: Please use the weekly homework problems as an indicator of whether you are progressing satisfactorily in the unit. If you are having difficulties, please see the unit convenor and consider withdrawing before the census date.

Assessment criteria for all assessment tasks will be provided on the unit iLearn site.

It is the responsibility of students to view their marks for each within session assessment on iLearn within 20 working days of posting. If there are any discrepancies, students must contact the unit convenor immediately. Failure to do so will mean that queries received after the release of final results regarding assessment marks (not including the final exam mark) will not be addressed.

Assessment Tasks

Name	Weighting	Hurdle	Due
Mid-semester test	20%	No	Week 7 in class
Case study/report	20%	No	Week 10 Friday 18 October 2019 5pm
Final examination	60%	No	University examination period

Mid-semester test

Due: **Week 7 in class**
Weighting: **20%**

Task Description: Students will sit an invigilated in-class test which will cover topics studied during weeks 1 to 5 inclusive. The test will be closed book (no notes or textbooks permitted). Further details will be provided on the unit iLearn website . **Type of Collaboration:** Individual. **Submission:** In class. **Format:** Multiple choice. **Length:** 90 minutes. **Inherent Task Requirements:** Refer to iLearn. **Late Submission:**
No extensions will be granted. Students who have not submitted the task prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Describe how financial institutions – especially banks – provide a special set of services to households and firms.
- Explain how banks are regulated and why their risk-taking activities are subject to regulatory oversight.
- Evaluate the risks which banks face and demonstrate how these risks are managed.

Case study/report

Due: **Week 10 Friday 18 October 2019 5pm**
Weighting: **20%**

Task Description:
Each student will write an individual report on the set topic (refer to iLearn for details).

Type of Collaboration: Individual. **Submission:** Via iLearn. **Format:** PDF Report, with section headings and paragraphs. **Length:** 6 pages. **Inherent Task Requirements:** Refer to iLearn.
Late Submission:
No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission – 20% penalty). This penalty does not apply for cases in which an application for special consideration is made and approved. No submission will be accepted after solutions have been posted.

On successful completion you will be able to:

- Evaluate the risks which banks face and demonstrate how these risks are managed.

Final examination

Due: **University examination period**
Weighting: **60%**

Task Description: Formal invigilated examination which will cover the topics studied throughout the semester. The exam will be closed book (no notes or textbooks permitted). **Type of Collaboration:** Individual. **Submission:** University examination period. **Format:** True-False questions and Longer questions. **Length:** 2.5 hours plus 10 minutes reading time. **Inherent Task Requirements** Refer to iLearn. **Late Submission:**
No extensions will be granted. Students who have not sat the final exam at the required time will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Describe how financial institutions – especially banks – provide a special set of services to households and firms.
- Explain how banks are regulated and why their risk-taking activities are subject to regulatory oversight.
- Evaluate the risks which banks face and demonstrate how these risks are managed.
- Assess the adequacy of a bank's capital base.

Delivery and Resources

Required technology

Non-programmable calculator

Lecture and workshop times

Students are required to enrol in one three-hour class per week and attend the class in which they are enrolled. See details from the timetable.

Learning and teaching strategy

Face-to-face

Classes will typically consist of a one-hour workshop followed by a two-hour lecture. Workshops are used to review the homework problems and to apply concepts to more difficult problems. Participation is strongly encouraged for you to check your progress towards achieving the learning outcomes for the unit. Lectures are used to set the scene and show how the topic fits into the overall unit of study aims.

Print

The textbook for the unit is Lange, H., Saunders, A. and Cornett, M.M. (2015), *Financial Institutions Management: A Risk Management Approach*, 4th edition, McGraw-Hill (denoted LSC on the reading list). Textbook material will be supplemented by articles and handouts. Chapters from the textbook and specified articles should be read prior to attending the scheduled lecture on that topic. Homework problems will be assigned at the end of lectures and these should be completed before coming to the workshop the following week. Important handouts can be downloaded from the unit's iLearn site.

Online

iLearn (https://ilearn.mq.edu.au) provides the main online learning support. It is essential that you log in at least twice per week to keep abreast of unit-wide announcements and use the resources to supplement your learning. Lecture slides are available by the Friday before each lecture for you to download from iLearn. Solutions to homework problems are made available online after the problems are discussed in the workshop.

Unit Schedule

Week	Commencing	Topic	Readings
1	29 Jul	Financial intermediation A	LSC chapters 1-2
2	5 Aug	Financial intermediation B	LSC chapters 3-4
3	12 Aug	Interest rate risk A	LSC chapters 5-6
4	19 Aug	Interest rate risk B	LSC chapters 7-8

5	26 Aug	Credit risk A	LSC chapter 10
6	2 Sep	Credit risk B	LSC chapter 11
7	9 Sep	MID-SEMESTER TEST	
		Mid-semester break	
8	30 Sep	No class - assignment work	
9	7 Oct	Liquidity risk	LSC chapters 14-15
10	14 Oct	International risks	LSC chapters 12-13
11	21 Oct	Operational risk	LSC chapter 17
12	28 Oct	Capital management	LSC chapter 18
13	4 Nov	Review	

Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central (https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- Academic Appeals Policy
- Academic Integrity Policy
- Academic Progression Policy
- Assessment Policy
- Fitness to Practice Procedure
- Grade Appeal Policy
- Complaint Management Procedure for Students and Members of the Public
- Special Consideration Policy *(**Note:** The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.)*

Undergraduate students seeking more policy resources can visit the Student Policy Gateway (https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit Policy Central (https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/study/getting-started/student-conduct

Results

Results published on platform other than eStudent, (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in eStudent. For more information visit ask.mq.edu.au or if you are a Global MBA student contact globalmba.support@mq.edu.au

Supplementary Exams

Information regarding supplementary exams, including dates, is available at:

http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/how_do_i/special_consideration

Student Support

Macquarie University provides a range of support services for students. For details, visit http://students.mq.edu.au/support/

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- Workshops
- StudyWise
- Academic Integrity Module for Students
- Ask a Learning Adviser

Student Services and Support

Students with a disability are encouraged to contact the Disability Service who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

If you are a Global MBA student contact globalmba.support@mq.edu.au

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources Policy. The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

Learning outcomes

- Describe how financial institutions – especially banks – provide a special set of services to households and firms.
- Explain how banks are regulated and why their risk-taking activities are subject to regulatory oversight.
- Evaluate the risks which banks face and demonstrate how these risks are managed.
- Assess the adequacy of a bank's capital base.

Assessment tasks

- Mid-semester test
- Case study/report
- Final examination

PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

Learning outcomes

- Describe how financial institutions – especially banks – provide a special set of services to households and firms.
- Explain how banks are regulated and why their risk-taking activities are subject to regulatory oversight.
- Evaluate the risks which banks face and demonstrate how these risks are managed.
- Assess the adequacy of a bank's capital base.

Assessment tasks

- Case study/report

- Final examination

PG - Effective Communication

Our postgraduates will be able to communicate effectively and convey their views to different social, cultural, and professional audiences. They will be able to use a variety of technologically supported media to communicate with empathy using a range of written, spoken or visual formats.

This graduate capability is supported by:

Learning outcome

- Evaluate the risks which banks face and demonstrate how these risks are managed.

Assessment task

- Case study/report