



ECON2035

The Economics of Financial Institutions

Session 2, Special circumstance 2020

Department of Economics

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Disclaimer

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Notice

As part of [Phase 3 of our return to campus plan](#), most units will now run tutorials, seminars and other small group learning activities on campus for the second half-year, while keeping an online version available for those students unable to return or those who choose to continue their studies online.

To check the availability of face-to-face and online activities for your unit, please go to [timetable viewer](#). To check detailed information on unit assessments visit your unit's iLearn space or consult your unit convenor.

General Information

Unit convenor and teaching staff

Unit Convenor

Sean Turnell

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Contact via sean.turnell@mq.edu.au

TBA

Amarjeet Kuar

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Credit points

10

Prerequisites

50cp at 1000 level or above including ECON110 or ECON111 or ECON1020

Corequisites

Co-badged status

Unit description

This unit provides an overview of the Australian and global financial systems and the management of financial institutions. Topics may include: the objectives and performance of financial institutions; risks and their controls; asset and liability management; credit evaluation; capital adequacy and regulations; informal money lenders and microfinance institutions; and shadow banking. The unit pays particular attention to the events and circumstances that, in recent times, have caused great difficulties in the financial sector, as well as the lessons learnt as a consequence.

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:

ULO1: Identify and describe aspects in the operation and management of banks, and other types of financial institutions.

ULO2: Identify, define and analyse problems associated with financial markets and

recommend creative solutions within real-world constraints.

ULO3: Demonstrate a capacity to work independently, including the ability to research, form challenging and coherent arguments, and write short-discussion pieces.

Assessment Tasks

Name	Weighting	Hurdle	Due
Online Test 2	60%	No	Week 13
Essay	20%	No	26/09/20
Online Test 1	20%	No	Week 7

Online Test 2

Assessment Type ¹: Quiz/Test

Indicative Time on Task ²: 50 hours

Due: **Week 13**

Weighting: **60%**

A two-hour test will be held in week 13.

On successful completion you will be able to:

- Identify and describe aspects in the operation and management of banks, and other types of financial institutions.
- Demonstrate a capacity to work independently, including the ability to research, form challenging and coherent arguments, and write short-discussion pieces.

Essay

Assessment Type ¹: Problem set

Indicative Time on Task ²: 30 hours

Due: **26/09/20**

Weighting: **20%**

This assessment involves writing a 1,800- 2,000 word essay on a topic given.

On successful completion you will be able to:

- Identify and describe aspects in the operation and management of banks, and other types of financial institutions.
- Demonstrate a capacity to work independently, including the ability to research, form challenging and coherent arguments, and write short-discussion pieces.

Online Test 1

Assessment Type ¹: Quiz/Test

Indicative Time on Task ²: 3 hours

Due: **Week 7**

Weighting: **20%**

A one-hour test will be held in week 7.

On successful completion you will be able to:

- Identify and describe aspects in the operation and management of banks, and other types of financial institutions.
- Identify, define and analyse problems associated with financial markets and recommend creative solutions within real-world constraints.

¹ If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

² Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

Delivery and Resources

Classes

Students are expected to watch the weekly class, comprising lectures using a mix of theory and practical applications, and practice questions. All the material covered in class is examinable.

There is ***no prescribed textbook*** for the unit.

Recommended Texts and/or Materials

(i) Kidwell, D. et al. (2019). Financial Markets, Institutions and Money (4th edn). Australian Edition, John Wiley & Sons Australia.

- (ii) Madura, J. (2018). Financial Markets and Institutions (12th edn). Cengage Learning,
- (iii) Saunders, A. and Cornett, M. M. (2019). Financial Markets and Institutions (7th edn). McGraw Hill Education.

Other resources useful for this unit:

<https://www.apra.gov.au/>

<https://rba.gov.au/>

<https://www.bis.org/>

<https://www.wsj.com/asia>

<https://www.ft.com/>

<https://www.theaustralian.com.au/business>

Banking Weekly Podcasts - Financial Times: podcast.ft.com/banking-weekly

IMF Podcasts

Technology Used and Required

The lectures of Econ 2035 are recorded on the University's i-Lecture facility. This can be found at: <http://ilearn.mq.edu.au>

The iLearn facility at this same site will also be the main vehicle through which unit communications will be made, and via which students can communicate with each other.

Learning and Teaching Activities

As noted above, this unit is taught via lectures each week. In terms of student activity in relation to this, it is suggested that lecture slides and/or any readings be read in advance. Meanwhile, keeping up to speed on events impacting financial institutions and markets will be highly advantageous.

Unit Schedule

1	An Overview of Financial Institutions, Risks and Regulations
2	The Theoretical Rationale of Financial Institutions
3	Liabilities Management
4	Credit risk Management
5	Securities Portfolio Management
6	Interest Rate Risk Management
7	Liquidity Management
8	Capital Management (Parts 1 and 2)

9	Financial Institutions in Less Developed countries
10	Managing Banking Crises

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) (<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.*)

Students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/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) (<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

Academic Honesty

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application

and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

Grades

Macquarie University uses the following grades in coursework units of study:

- HD - High Distinction
- D - Distinction
- CR - Credit
- P - Pass
- F - Fail

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at:

<http://www.mq.edu.au/policy/docs/grading/policy.html>

Grading Appeals and Final Examination Script Viewing

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

http://www.businessandeconomics.mq.edu.au/new_and_current_students/undergraduate_current_students/how_do_i/grade_appeals/

Special Consideration Policy

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at:

http://www.mq.edu.au/policy/docs/special_consideration/policy.html

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 help you improve your marks and take control of your study.

- [Getting help with your assignment](#)
- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

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.

Research and Practice

This unit makes extensive use of Macquarie University researchers, as can be seen from the reading guide, lecture slides, and elsewhere.

The Unit Convenor is an active researcher in financial sector reform in Asia and the latest findings of her empirical and theoretical work will be used throughout Econ335.