



AFIN8003

Banking and Financial Intermediation

Session 1, Special circumstances 2021

Department of Applied Finance

Contents

<u>General Information</u>	2
<u>Learning Outcomes</u>	2
<u>General Assessment Information</u>	3
<u>Assessment Tasks</u>	3
<u>Delivery and Resources</u>	5
<u>Unit Schedule</u>	5
<u>Policies and Procedures</u>	6

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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 activities on campus, and most will keep an online version available to those students unable to return or those who choose to continue their studies online.

To check the availability of face-to-face 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 Fan Yu fan.yu@mq.edu.au
Credit points 10
Prerequisites (Admission to MActPrac or MFin) or (ACST603 or ACST6003 or AFIN6012 or ECON649 or ECON6049)
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. Major risks of banks and financial intermediation are being examined.

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:** Examine how financial institutions provide a special set of services to households and firms.
- ULO2:** Explain how banks are regulated and why their risk-taking activities are subject to regulatory oversight.
- ULO3:** Evaluate the risks which banks face and demonstrate how these risks are managed.
- ULO4:** Assess adequacy of a bank's capital base.

General Assessment Information

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 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 tasks (not including the final exam mark) will not be addressed.

Late submissions and extensions

Tasks 10% or less – 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.

Tasks above 10% - 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.

Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Individual Assignment</u>	25%	No	Week 8
<u>Case study</u>	25%	No	Week 12
<u>Final Examination</u>	50%	No	University Examination Period

Individual Assignment

Assessment Type ¹: Report

Indicative Time on Task ²: 12 hours

Due: **Week 8**

Weighting: **25%**

Student will complete an individual assignment related to the banking and finance industry. The assignment will be around 1000 - 1500 words.

On successful completion you will be able to:

- Examine how financial institutions 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 adequacy of a bank's capital base.

Case study

Assessment Type ¹: Case study/analysis

Indicative Time on Task ²: 12 hours

Due: **Week 12**

Weighting: **25%**

Student will analyse a financial problem/ scenario and write an individual report of 1000 - 1500 words.

On successful completion you will be able to:

- Examine how financial institutions 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 adequacy of a bank's capital base.

Final Examination

Assessment Type ¹: Examination

Indicative Time on Task ²: 20 hours

Due: **University Examination Period**

Weighting: **50%**

An online two hour 30 minutes open book exam will be held during the University Examination Period.

On successful completion you will be able to:

- Examine how financial institutions 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 adequacy of a bank's capital base.

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

Required technology: Non-programmable calculator.

Learning and teaching strategy: Classes typically consist of a two-hour lecture followed by a one-hour workshop. Lectures are used to show how the topic fits into the overall unit aims and to establish theory principles. Workshops are used to apply concepts to real world problems and review homework problems. Participation is strongly encouraged for you to check your progress towards achieving the learning outcomes for the unit.

Textbook: 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 should be completed before the workshop the following week. Handouts and homework questions can be downloaded from the unit's iLearn site each week.

Online learning: 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 online beforehand for you to download from iLearn. Solutions to homework problems are made available online after the problems are discussed in the workshop.

Unit Schedule

Tentative

Week	Topic	Reading	
1	Introduction to Financial Intermediation and Banks	Ch1-3	
2	Risk of Financial Intermediation	Ch4	
3	Interest Rate Risk	Ch5-6	

Week	Topic	Reading	
4	Managing Interest Rate Risk	Ch7-8	
5	Market Risk	Ch9	
6	Individual Loan Risk	Ch10	
7	Loan Portfolio and Concentration Risk	Ch11	
8	Sovereign Risk, Foreign Exchange Risk, and Liquidity Risk	Ch12-14	
9	Liability and Liquidity Management	Ch15	
10	Off-Balance-Sheet Risk	Ch16	
11	Capital Management and Adequacy	Ch18	
12	Banks and Blockchain: case study	To be distributed	
13	Review		

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au). 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](#)

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

To find other policies relating to Teaching and Learning, visit [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au) and use the [search tool](#).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/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

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.