



AFIN803

Banking and Financial Intermediation

S1 Evening 2018

Archive (Pre-2019) - Dept of Applied Finance and Actuarial Studies

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General Information

Unit convenor and teaching staff

Fellow

Dr Kim Hawtrey

kim.hawtrey@mq.edu.au

Thursday 5:00-6:00pm

Angela Chow

angela.chow@mq.edu.au

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:

Be able to explain and use the techniques of financial management to analyse the performance of bank and non-bank financial institutions.

Be able to apply analytical skills to the interpretation of risks confronted by financial institutions.

Be able to apply relevant techniques to measure and manage those risks.

Be able to determine and critically evaluate the implications of strategic decisions for the

profitability, liquidity, balance sheet structure and capital adequacy of financial institutions.

General Assessment Information

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

Assessment Tasks

Name	Weighting	Hurdle	Due
Essay	20%	No	Week 3 in class
Class Test 1	15%	No	Week 7 in class
Class Test 2	15%	No	Week 12 in class
Final exam	50%	Yes	Final exam period

Essay

Due: **Week 3 in class**

Weighting: **20%**

90-minute in-class hand-written essay.

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.

Please use this assessment 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 on Friday of week 4.

On successful completion you will be able to:

- Be able to apply analytical skills to the interpretation of risks confronted by financial institutions.
- Be able to determine and critically evaluate the implications of strategic decisions for the profitability, liquidity, balance sheet structure and capital adequacy of financial

institutions.

Class Test 1

Due: **Week 7 in class**

Weighting: **15%**

60-minute multiple choice test.

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:

- Be able to explain and use the techniques of financial management to analyse the performance of bank and non-bank financial institutions.
- Be able to apply analytical skills to the interpretation of risks confronted by financial institutions.
- Be able to apply relevant techniques to measure and manage those risks.

Class Test 2

Due: **Week 12 in class**

Weighting: **15%**

60-minute multiple choice test.

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:

- Be able to determine and critically evaluate the implications of strategic decisions for the profitability, liquidity, balance sheet structure and capital adequacy of financial institutions.

Final exam

Due: **Final exam period**

Weighting: **50%**

This is a hurdle assessment task (see [assessment policy](#) for more information on hurdle assessment tasks)

2-hour final (closed book) exam.

On successful completion you will be able to:

- Be able to explain and use the techniques of financial management to analyse the performance of bank and non-bank financial institutions.
- Be able to apply analytical skills to the interpretation of risks confronted by financial institutions.
- Be able to apply relevant techniques to measure and manage those risks.
- Be able to determine and critically evaluate the implications of strategic decisions for the profitability, liquidity, balance sheet structure and capital adequacy of financial institutions.

Delivery and Resources

UNIT OVERVIEW

Banking and finance institutions today have evolved into complex organisms that play a centrally important role in the modern economy. The management of financial corporations is a highly specialised task with many unique aspects. And the success (or failure) of banks carries the potential for significant ramifications in the markets for goods, services and labour across the wider macroeconomy.

This course: * outlines the structure of the Australian finance industry * studies the nature of the banking system and the issues it raises * analyses the risks of banking and how to manage them effectively * examines banking theory, especially performance and productivity * examines the role financial institutions can play in a country's development * puts these in the context of official supervision and surveillance

The course is designed to equip those who will work in banking, securities or government. The learning outcomes focus on the application of finance techniques to analyse and manage risks in financial institutions. Outcomes integrate knowledge from other core units in the Master of Banking and Finance. Upon completion you will be equipped to demonstrate an advanced level of theoretical knowledge relevant to financial and banking systems, including regulations and procedures affecting the sector, capital budgeting practices, financial asset valuation techniques, portfolio theory, risk and risk management. You will be able to critically evaluate and appraise complex banking and financial problems.

ENQUIRIES

Students can receive help with study skills, lecture content, essay resources, assessment, etc. If you have general enquiries about the course, or specific enquiries about course content, assessment etc please contact the lecturer. In the first instance, it is best to email and we will seek to reply promptly. If urgent, leave a message with your name and telephone number so that staff can call back .

CLASS TIMETABLE Students attend three classroom hours per week, comprising lectures using a mix of theory and practical applications.

Students are expected to attend the full quota of lectures; all the material covered in class is examinable.

BEFORE EACH CLASS: Download the lecture slides for that week from iLearn, prior to the session, print and bring with you to class.

TEXT (REQUIRED) H. Lange, A. Saunders & M Cornett (2015): Financial Institutions Management: A Risk Management Approach. 4e. McGraw-Hill (Australia)

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.*)

Undergraduate 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 shown in *iLearn*, 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.

Supplementary exams

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

<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policies/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

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

- Be able to explain and use the techniques of financial management to analyse the performance of bank and non-bank financial institutions.
- Be able to apply analytical skills to the interpretation of risks confronted by financial institutions.
- Be able to apply relevant techniques to measure and manage those risks.

Assessment tasks

- Essay
- Class Test 1
- Class Test 2
- Final exam

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

- Be able to explain and use the techniques of financial management to analyse the performance of bank and non-bank financial institutions.
- Be able to apply analytical skills to the interpretation of risks confronted by financial institutions.
- Be able to apply relevant techniques to measure and manage those risks.

Assessment tasks

- Essay
- Class Test 1

- Class Test 2
- Final exam

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

- Be able to determine and critically evaluate the implications of strategic decisions for the profitability, liquidity, balance sheet structure and capital adequacy of financial institutions.

Assessment task

- Essay