LINGNAN UNIVERSITY

DEPARTMENT OF ECONOMICS

Course Title	:	Introduction to Banks and Financial Institutions
Course Code	:	ECO2102
Recommended Study Year	:	1 and 3
No. of Credits/Term	:	3
Mode of Tuition	:	Lecture-Tutorial (with Mandatory Service Learning)
Class Contact Hours	:	2-hour lecture and 1-hour tutorial per week (with a total of 30 hours of ServiceLearning in a term, which will replace some of the tutorials)
Category in Major Prog.	:	Major in Global Economics and Banking (Foundational Course)
Discipline	:	Economics
Prerequisite(s)	:	N/A
Co-requisite(s)	:	N/A
Exclusion(s)	:	N/A
Exemption Requirement(s)	:	N/A

Brief Course Description

This course introduces to students how commercial banks and other financial institutions (insurance companies, securities firms, investment banks, investment companies, and pension funds) work. Financial institutions not only affect your everyday life but also serve many important functions in the economy.

Aims

The aim of this course is to provide students with the necessary knowledge about the financial institutions and the new changes that are taking place. Students will be expected to develop practical perspectives on government regulations, and be able to articulate implications for future financial development and practices not only in Hong Kong and on the Chinese Mainland, but also in other major financial centers around world.

Learning Outcomes (LOs)

On completion of the course, students will be able to:

1. elaborate and differentiate the landscape and characteristics of commercial banks and different financial institutions (LO 1);
2. explain how commercial banks and other financial institutions operate and what major functions they serve for the economy (LO 2); and
3. apply the knowledge and analyse relevant issues in the real world (LO 3).

Indicative Contents

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I. Overview of financial institutions
   a. Functions of financial institutions
   b. Types of financial institutions
   c. Risks of financial institutions
   d. Regulation of financial institutions
   e. Global trends and issues

II. Interest rate fundamentals
   a. Loanable funds theory
   b. Movement of interest rates over time
   c. Determinants of interest rates
   d. Term structure of interest rates
   e. Forecasting interest rates

III. Commercial Banking Industry Overview
   a. Definition
   b. Balance sheet
   c. Size, structure, and composition of the industry
   d. Regulators
   e. Risk management
   f. Global trends and issues

IV. Insurance companies
   a. Life insurance companies
   b. Property-casualty insurance companies
   c. Regulations
   d. Risk management
   e. Global trends and issues

V. Securities firms and investment banks
   a. Services offered
   b. Size, structure and compostition of the industry
   c. Activity areas
   d. Regulations
   e. Risk management
   f. Global trends and issues

VI. Investment Companies
   a. Size, structure, and composition of the industry
   b. Mutual fund returns and costs
   c. Hedge funds
   d. Regulations

e. Risk management
f. Global trends and issues

VII. Pension funds
a. Definition
b. Sizes, structure, and composition of the industry
c. Regulations
d. Risk management
e. Global trends and issues

Teaching Method

Lectures combined with Service-Learning project (compulsory for all students) and tutorials discussion. Service-learning is adopted as one of the components for continuous assessment, and students will be required to carry out the service-learning project with 30 hours to fulfill the service-learning requirement. Students are expected to apply academic concepts and knowledge learnt from lecture to community-based service learning activitiy. Tutorials are designed to assess students' understanding of lectures and assigned readings. Cases discussions on up-to-date headline news with data and diagrams will be discussed in tutorials to help students to understand the real society with economic principles and models.

Service learning project:
Students will be divided into groups for Service-Learning project. Students are required to participate in activities for community partners, such as exhibitions, video making, etc. Activities will be organized to promote financial literacy. Students are required to apply the knowledge learnt from lectures about financial institutions in Hong Kong (e.g. HKMA, MPFA, HKEX, HKIB etc.) during the activities and transfer the knowledge to community partners and help them to develop a proper personal finance habit and attitude, if possible. The course instructor and the staff from the Office of Service-Learning (OSL) will work together and decide the activities for students each term, and proactively support students who will get practical experience and opportunities with banks and financial institutions from private sectors through Service-Learning project. In addition, students will receive training from OSL staff to work with the community partner. The activities aim at enhancing students' understanding of knowledge and concepts from lectures about the financial institutions and banking (e.g. the roles and functions of financial institutions, and the importances as well as impacts on the development of financial market and economy), which are especially relevant for students who plan to work in related sectors in future. More details about the service-learning projects will be provided by the OSL in the first lecture of the term.

In addition to the activities, students are required to prepare a presentation before the service-learning activity and submit a group report after the activities. For the presentation, each group of students are required to present their ideas for the activities (e.g. What are the topics and contents they would like to cover for the community partners and why? How to draw the attention from audience etc.), students from other groups are also encourged to provide feedback and comments on each group's work. For the group report, each group has to submit a written report which covers contents such as describing the work done by the group, the reflections and experiences from group members (e.g. what they have learnt from the service-learning project, the linkage between the financial institutions and community etc.)

Measurement of Learning Outcomes

Learning Outcomes (LOs)	**Tutorial Discussion/Class Participation and/or Assignments**	**Financial News Analysis**	**Service Learning: Presentation and report**	**Final Exam**
	10%	15%	35%	40%
LO1 Elaborate and differentiate the landscape and characteristics of commercial banks and different financial institutions	√	√	√	√
LO2 Explain how commercial banks and other financial institutions operate and what major functions they serve for the economy	√	√	√	√
LO3 Apply the knowledge and analyse relevant issues in the real world	√	√	√	√

Assessment

Continuous assessment		**60%**
Tutorial discussion/participation and/or Assignments		10%
Financial news analysis		15%
Service-Learning Project		
	Assessment by OSL/Partner agent	5%
	Group presentation	15%

Presentation report	15%
Final examination	**40%**

Required/ Essential Reading

Saunders, A. and Cornett, M. M. (2019), Financial Markets and Institutions, 7th Edition, McGraw-Hill.

Recommended/ Supplementary Readings

Mishkin, F.S. and Eakins, S.G. (2018), *Financial Markets and Institutions*, 9th Global Edition, Pearson.

Other contemporary materials relevant to Hong Kong and China's financial markets/institutions will be distributed to students throughout the semester.

Important Notes:

(1) Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.

(2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations and Course Work. In particular, plagiarism, being a kind of dishonest practice, is "the presentation of another person's work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student's own work". Students are required to strictly follow university regulations governing academic integrity and honesty.

(3) Students are required to submit writing assignment(s) using Turnitin.

(4) To enhance students' understanding of plagiarism, a mini-course "Online Tutorial on Plagiarism Awareness" is available on https://pla.ln.edu.hk/.

(5) Students are required to fill in a mid-term survey and the end of course CTLE survey.

(6) Academic Regulation 12.8 states "A student whose accumulated leave of absence exceeds one-third of the term should not be assessed and awarded credits for the courses enrolled in the term."

(7) Students must adhere to the University's guidelines and practices when using Generative Artificial Intelligence (AI) tools. The official documents "Guidelines for Using GAI Tools at Lingnan University" and "Best Practices for Ethical and Responsible Use of GAI Tools in Course Assessments" can be found here: https://www.ln.edu.hk/tlc/generative-artificial-intelligence/gai-guidelines-best-practices.

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Grading Rubrics for Tutorial Discussion/Class Participation and/or Assignments (10%)

Dimensions	**Good** **A, A-, B+**	**Satisfactory** **B, B- , C+, C**	**Poor** **C-, D+ , D, F**
Content **(5%)**	Shows good understanding of the topics and raises insightful comments/ questions	Shows some understanding of the topics and raises constructive comments/ questions	Shows little or no understanding of the topics and raises redundant comments/ questions
Frequency **(5%)**	Frequently and actively participates in class discussions and activities	Sometimes participates in class discussions and activities	Rarely or never participates in class discussions and activities; only passively responds even when invited

Assessment Rubrics for Service Learning Project Presentation (15%)

Dimensions	**Good** **A, A-, B+**	**Satisfactory** **B, B- , C+, C**	**Poor** **C-, D+ , D, F**
Presentation Content **(10%)**	Shows excellent grasp of the topics; incorporates ample relevant and useful information from reliable external sources.	Shows good grasp of the topics; incorporates relevant information from some external sources.	Shows little or no grasp of the topics; includes little or no relevant information from reliable external sources.
Organization **(3%)**	Presents materials in a logical and appealing way that is easy to understand.	Presents materials in a generally logical way that is understandable.	Presents materials in an illogical way that is hard to understand.
Clarity of exposition **(2%)**	The writing or presentation is excellent with no glaring errors of spelling, usage, or grammar.	The quality of writing or presentation is good with few, though noticeable, errors in usage,	There are frequent language errors

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Assessment Rubrics for Service Learning Project Report (15%)

Dimensions	Good A, A-, B+	Satisfactory B, B- , C+, C	Poor C-, D+ , D, F
Content (10%)	All the information included is highly relevant to the issue being addressed in the service-learning project.	A sufficient proportion of the information included is relevant to the issue being addressed in the service-learning project.	Much of the information included is irrelevant, or is of questionable relevance to the issue being addressed in the service-learning project.
Clarity (3%)	Ideas, points and explanations are extremely clear throughout, with no gaps, ambiguities or inaccuracies.	The ideas, points and explanations tend to be sufficiently clear, although there are some notable gaps, ambiguities or inaccuracies.	Ideas, points and explanations tend to lack sufficient clarity. There are major gaps, ambiguities and inaccuracies.
Organization and writing (2%)	Materials are structured in a logical and appealing way that is easy to understand. The writing is excellent with no glaring errors of spelling, usage, or grammar.	Materials are structured in a generally logical way that is understandable. The quality of writing is good with few, though noticeable, errors in usage,	Materials are structured in an illogical way that is hard to understand. There are frequent language errors

Assessment Rubrics for Financial News Analysis (15%)

Criteria	Good A, A-, B+	Satisfactory B, B- , C+, C	Poor C-, D+ , D, F

Choice of News **(3%)**	Very relevant to the course, highly significant to the market	Somewhat relevant to the course, marginally significant to the market	Only remotely or not relevant to the course, insignificant to the market
Presentation Content **(10%)**	Excellent grasp of the news; useful and relevant additional background; insights beyond basic facts; handling questions with ease; significant benefits to classmates	Sufficient grasp of the news; some useful and relevant additional background; sporadic insights beyond basic facts; handling questions adequately; benefits to classmates	Poor grasp of the news; no useful and relevant additional background; no insights and insufficient basic facts; handling questions poorly; little or no benefit to classmates
Organization, Articulation and Presentation Tools **(2%)**	Logical and appealing organization that is easy to understand; The writing is excellent with no glaring errors of spelling, usage, or grammar.	Reasonable organization that is understandable; The quality of writing is good with few, though noticeable, errors in usage,	Organization that is difficult to understand; There are frequent language errors

Assessment Rubrics for Final Exam (40%)

Dimensions	**Good** **A, A-, B+**	**Satisfactory** **B, B- , C+, C**	**Poor** **C-, D+ , D, F**
Accuracy **(15%%)**	Demonstrates good knowledge of relevant subject matters; performs all or most of the required quantitative operations correctly	Demonstrates some knowledge of relevant subject matters; performs some required quantitative operations correctly	Demonstrates little or no knowledge of relevant subject matters; fails to perform all or most required quantitative operations correctly

Analysis (15%)	Critically analyzes the problems and formulates solutions with relevant knowledge/ theories; interpret results with appropriate criteria; justifies the answers with cogent arguments and convincing evidence	Analyzes the problems and formulates solutions with some relevant knowledge/ theories; interpret results with some applicable criteria; justifies answers with arguments and evidence	Poorly analyzes the problems and unable to formulate solutions with relevant knowledge/ theories; lacks interpretation of results; fails to justify the answers with cogent arguments and evidence
Articulation (10%)	Writes with high clarity, no or very few grammatical and spelling mistakes, as well as consistent style; effectively uses graphs/ tables/ diagrams and visual aids where appropriate	Writes with fair clarity, few grammatical and spelling mistakes, as well as mostly consistent style; uses some graphs/ tables/ diagrams and visual aids	Writes with low clarity, many grammatical and spelling mistakes, as well as inconsistent styles; does not or poorly uses graphs/ tables/ diagrams and visual aids

The final exam shall be graded according to its specific marking schemes.