

<b>Course Title</b>	:	Financial Markets and Their Impacts on Society
<b>Course Code</b>	:	CLE9012
<b>Recommended Study Year</b>	:	Any
<b>No. of Credits/Term</b>	:	3
<b>Mode of Tuition</b>	:	Sectional Approach
<b>Class Contact Hours</b>	:	3 hours per week
<b>Category in Major Programme</b>	:	Free Elective Core Curriculum (Values, Cultures and Societies Cluster)
<b>Prerequisite</b>	:	Nil

### **Brief Course Description**

This course is an introduction to the contributions of financial markets and institutions to our society. The course will discuss how financial markets have helped foster innovation, entrepreneurial business, and economic growth. It will examine the role of financial institutions, the costs and benefits of financial regulations, and the causes and consequences of financial crises. The course will also cover the important topic of microfinance and its benefits to economic development and social stabilization. Through this course, students are expected to understand the impacts of financial markets on our society and develop the ability to think critically about financial issues. This is a self-contained and non-technical introductory course.

### **Aims**

This course aims to introduce students the contributions of financial markets and institutions to our society, innovation, entrepreneurial business, and economic growth.

### **Learning Outcomes (LOs)**

On completion of this course, students are expected to be able to:

1. discuss the evolutions and roles of financial markets and institutions.
2. describe and explain the impacts of financial markets and institutions on society.
3. describe the history and basic features and functions of microfinance.

4. state, define and evaluate the contributions of microfinance to society and economic development.
5. explain and illustrate the basic mechanisms for the implementation of microfinance under different cultures.
6. summarise and characterize the development and importance of financial regulations to our society and culture.
7. critically analyze the impacts of financial crises on society throughout history.

### **Indicative Contents**

To achieve the objectives, the course covers the following topics:

1. The contribution of financial markets to the economy
  - The function and structure of financial markets
  - The importance of financial markets to society
  - The influence of the internationalization of financial markets on societies
2. The impacts of financial institutions on societies
  - The evolution of financial institutions
  - The roles of financial institutions in society
  - The importance of monitoring and information transfer
3. The social contribution of microfinance under different cultures
  - The origins of microfinance
  - The benefits of microfinance for society
  - The factors and characteristics of microfinance
  - The role of NGOs and governments
  - The basic mechanisms of implementing microfinance
  - Evaluation of microfinance impact
4. The costs and benefits of financial regulations and financial crises
  - The development and importance of financial regulations to our society
  - The impact of financial development on income inequality
  - The costs and benefits of financial liberalization
  - The potential losses from financial crises for our societies

### **Teaching Method/Class Activities**

Class activities will include lectures on concepts and theories, case discussions, in-class exercises and student presentations in accordance with the covered material. A high level of student participation in the classes is encouraged.

**Measurement of Learning Outcomes**

1. In both the continuous assessments and the final examination, some close-end questions will be used to assess students' understanding of the basic subject knowledge. Essay type questions and case studies will be used to assess students' abilities to apply their learning when studying specific contexts. (LO1, LO2, LO3, LO4, LO5, LO6, and LO7)
2. The group project requires student teams to undertake a case study on microfinance. Both a written report and an oral presentation are required in order to assess students' understanding of the social and cultural values of microfinance and their writing and presentation skills. The field study report is assessed for logic, flow, and reasoning and supporting evidence. (LO4, LO5, and LO6)

**Assessment**

Continuous Assessment 50%

Participation 10%

- Assesses students on their ability to explain the costs and benefits of financial markets and institutions to society through in-class case discussions and exercises.

Midterm Test 15%

- Assesses students on their ability to articulate concepts on microfinance and functions of financial markets and institutions and their contributions to society.
- Assesses the writing skills of students.

Group project 25%

- Assesses students on explaining the basic mechanisms on implementing microfinance.
- Assesses students' the abilities in oral communication skills through group presentations.
- Assesses the writing and communication skills of students.
- Assesses the abilities of students to search for information and apply the relevant knowledge taught in the course.

Examination 50%

- Assesses students on their ability to articulate concepts on microfinance and the social roles of financial markets and institutions and to critique their impacts and influences on society.
- Assesses the abilities of students to understand the initiatives and motivations of microfinance.
- Assesses the writing skills of students.

**Total 100%**

**Required/Essential Reading**

Frederic S. Mishkin and Stanley G. Eakins, Financial Markets and Institutions, latest edition, Pearson.

**Note:** Given the subject area is developing quickly, it is likely that no single textbook will cover all the material. The lecture notes will draw upon different sources and will not rigidly follow any single one of the textbooks.

**Recommended/Supplementary Readings**

Beatriz Armendariz and Jonathan Morduch, The Economics of Microfinance, 2<sup>nd</sup> edition, MIT Press, 2010.

Franklin Allen and Glenn Yago, Financing the Future: Market-Based Innovations for Growth, Pearson, 2010.

Alex Counts, Small Loans, Big Dream, Wiley, 2008.

Elisabeth Rhyne, Microfinance for Bankers and Investors: Understanding the Opportunities and Challenges of the Market at the Bottom of the Pyramid, 1<sup>st</sup> edition, McGraw Hill, 2009.

Frederic S. Mishkin, Economics of Money, Banking, and Financial Markets, 11<sup>th</sup> Edition, Addison Wesley, 2015.

Aliber Robert Z., Kindleberger Charles P., and Solow Robert M., Manias, Panics, and Crashes: A History of Financial Crises, 7<sup>th</sup> edition, Palgrave Macmillan, 2015.

**Important Notes**

- (1) Students are expected to spend a total of 5 hours (i.e. 3 hours of class contact and 2 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. 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/>.