Instructor: Ronald W. Spahr
Office: 440 Fogelman Office Building
Office Hours: Tuesday 1:30-2:30p and 6:00-7:00p and Thursday 1:30-2:30p and by appointment
Tel: Office #: 678-1747, If no answer, call: Department Secretary (Ms. Jessyka Allyn) # 678-5930; Graduate Assistant (Mr. Shawn McFarland email: smmcfr11@memphis.edu)
Fax: (901) 678-0839
e-mail: rspahr@memphis.edu
RECOMMENDED READING: The Wall Street Journal, Barron’s
PREREQUISITES: Courses required with min. grade: FIR 3410 or equivalent with a minimum grade of C- and FIR 3720 or equivalent with a minimum grade of C-

COURSE DESCRIPTION: This course covers the theory and practice of the management of financial institutions as it is currently practiced, or at least as it should be practiced, by financial institution managers, financial consultants and regulators of financial institutions. Financial institutions include commercial banks, savings banks, credit unions, investment banks, insurance companies, mutual funds and finance companies. The theory and requisite concepts of financial institutions management will be presented and discussed in an intuitive manner. Some mathematics will be used throughout the course to develop intuitive proofs of certain concepts; however, unless specifically stated otherwise, the student will not be held responsible for reproducing proofs. The student, however, will be responsible for understanding the concepts developed in class presentations. Additional reading and discussion assignments may be distributed intermittently.

OBJECTIVES: The objective of this class is to present financial institutions management decisions, concepts and risk management in
a real-world format. This entails the understanding of basic financial concepts and practices including, the objective of financial institution decisions, accounting concepts, taxes and ratio analysis, markets, institutions and the theory and structure of interest rates, risk and portfolio concepts, time value, and asset pricing.

PROCEDURES: This is an online seminar/lecture course, thus students should thoroughly study all assignments. The course will cover the first 16 chapters of the book (S&C); however, The first section of the course, in addition to Chapter 1, will cover handouts on: Time Value of Money, Money Market Fundamentals and Economics of Banking that will give you a better background for decision making in financial institutions. There will be additional handouts added during the course and a number of quizzes will be given. You are encouraged to read the chapters that will not be covered in the course.

TERM PAPER for FIR 6720 students only: For the students taking this course as a graduate course, FIR 6720, a term paper covering some aspect of the 2007-09 financial crisis, important change in financial institutions management or operation (for example the recent financial institutions reform and regulations, financial crisis, changes for the Basel Accord or recent tax reform-reduction) is required. The paper should be approximately 10 double spaced pages in length and include detailed references. A term paper is optional for students enrolled in FIR 4720. The topic of this paper, including a brief abstract, should be turned in to the instructor by the end of the first week of class. This paper will be worth 100 points.

ATTENDANCE POLICY: Students are expected to attend all class meetings. Unexcused absence from a discussion or quizzes will result in zero points on deliverables for that day unless the student turns in an individually written completed deliverable at or before the next class meeting. Absences resulting in not taking announced or unannounced quizzes will not be made up. However, if the absence is excused by the professor, the points assigned to the quiz will not count against the student. An excused absence during a major exam will generally be made up by the student by taking a make-up exam.

GRADING REQUIREMENTS: All quizzes and exams are open book and open notes. Exams and quizzes; therefore, will stress problems and decisions that mimic real world problems.

Course grades will be determined according to the following points:

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<thead>
<tr>
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<th>Points</th>
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<tbody>
<tr>
<td>Quizzes, Problems &amp; Cases</td>
<td>150</td>
</tr>
<tr>
<td>First Major Exam</td>
<td>100</td>
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<tr>
<td>Second Major Exam</td>
<td>100</td>
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<tr>
<td>Final Exam (Cumulative)</td>
<td>150</td>
</tr>
<tr>
<td>TOTAL POINTS</td>
<td>500</td>
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</table>
*Total points may not total exactly 500 points, thus a student’s grade may be based on a total number of points attempted that is different than 500. Grades will be assigned as the percentage of points received relative to the total points attempted. The grades assigned will not be more stringent than:

<table>
<thead>
<tr>
<th>Percentage Range</th>
<th>Grade</th>
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<tbody>
<tr>
<td>94%-100%</td>
<td>A</td>
</tr>
<tr>
<td>90%-94%</td>
<td>A-</td>
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<tr>
<td>87%-90%</td>
<td>B+</td>
</tr>
<tr>
<td>83%-87%</td>
<td>B</td>
</tr>
<tr>
<td>80%-83%</td>
<td>B-</td>
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<tr>
<td>77%-80%</td>
<td>C+</td>
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<tr>
<td>73%-77%</td>
<td>C</td>
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<tr>
<td>70%-73%</td>
<td>C-</td>
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<tr>
<td>65%-70%</td>
<td>D</td>
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<tr>
<td>Less than 65%</td>
<td>F</td>
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All exams are open book and open notes.

**ACADEMIC DISHONESTY:** Also known as “cheating,” academic dishonesty will not be tolerated in this class. Cases of academic dishonesty will be prosecuted in accordance with university policies. Cheating in this course can result in an “F” in the course. In this course, academic dishonesty includes (but is not limited to) unproved assistance on examinations, copying the homework or cases of others, plagiarism or other use of published materials without complete citations, or fabrication of referenced information.

**DISCLAIMER:** This course syllabus is the professor’s best estimate of the course subject and the topics to be covered; however, changes to the above items and the following course schedule may be necessary. Students will be notified in class of changes to the syllabus.

**DISABILITY STATEMENT:** Reasonable accommodations are available for students who have a documented disability. Please notify the instructor during the first week of class of any accommodations needed for the course. Late notification may cause the requested accommodations to be unavailable.

**STOCK QUOTATIONS:** Internet Finance Sites – The inside cover of the book contains many useful URLs the the class. In addition, useful URLs for getting stock price data and company information are:

FCBE Academic Internship Credit

In FCBE, all majors offer an academic internship course option as a substitution for a required elective in a student’s major. To apply for academic credit, students must obtain an internship highly related to their major, register prior to the start of their internship and have their internship approved by departmental internship faculty. To review the requirements for applying for academic credit, visit [http://www.memphis.edu/professional/internships/academic_credit.php](http://www.memphis.edu/professional/internships/academic_credit.php) Students should allow approximately two weeks for the review and processing of an academic internship application through the Fogelman Internship Network.

THE FOGELMAN PROMISE

Fogelman Code of Professionalism for Students

As a member of the Fogelman College of Business & Economics (FCBE), in addition to abiding by laws and University policy, I will:

- Respect the rights and dignity of all people
- Act with honesty and integrity
- Take full responsibility for my actions
- Maintain the highest standard of professional ethics
- Be considerate of others’ feelings and needs
- Conduct and present myself in a manner that is appropriate for a business professional

As a student and future business professional, I will follow these behavioral guidelines:

- When completing assignments, I will make the maximum effort to perform to the best of my abilities.
- I will do my own work, and unless specifically authorized, I will refrain from relying on others or unreferenced outside resources for assistance. I will refrain from taking exams or completing assignments for others when such assistance is prohibited.
- I will comply with the University’s policies on student conduct as defined in the Code of Student Rights and Responsibilities. When using University computing resources, I will abide by the University’s policy of Acceptable Use of Information Technology Resources.
- When on campus, I will dress and act in a manner that is appropriate for a college campus. When attending class, I will dress and act in a manner that will not distract other students or instructors from learning activities.
- I will attend all class sessions in which I am enrolled, arrive on time, and stay for the entire class period.
- I will refrain from using cell phones, ipods, or other electronic devices during class unless I have the instructor’s permission to use these items for educational purposes. I will speak and act appropriately so as not to be disruptive when the instructor is speaking. I will be respectful and considerate of my fellow classmates and instructors at all times.
- When assigned to group projects, I will contribute my fair share and cooperate fully with my group members to achieve the shared goals of the group project.
• I will strive to acquire and master the 4 Cs skills I need to succeed professionally:
  Communication + Creativity + Critical Thinking + Emotional Control = Self-Confidence

**BBA Degree Goals:**
The Fogelman College has established the following learning goals for all students successfully completing the BBA degree:
• Graduates will be effective communicators.
• Graduates will demonstrate critical thinking skills.
• Graduates will be knowledgeable about ethical factors in the business environment.
• Graduates will be knowledgeable about the global business environment.
• Graduates will be proficient users of business presentation and analysis technology.

**COURSE COVERAGE AND ASSIGNMENT SCHEDULE**

<table>
<thead>
<tr>
<th>Date</th>
<th>Text Book Chap.</th>
<th>Topic</th>
<th>Learning Objectives: On completing this module students should be able to:</th>
<th>Assignments</th>
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</thead>
</table>
| 1/15,22, 29/2019 | Class notes and Chapter 1 (S&C) | Introduction and Overview of Financial Institutions and Money Markets Fundamentals Exercise | Understand what is special about financial intermediaries, the objectives of financial institution decision making, types of risk, benefits of portfolio diversification, time value of money, capital markets and theory of interest rates. | Introduction to Management of Financial Institutions-handout  
Q 1-1 Through 39  
Appendix 1A and B  
Money Market Fundamentals-Handout  
Time Value of Money-Handout  
Economics of Banking-Handout |
| 2/5/2019  | Class notes and Chapter 1 (S&C) | Introduction and Overview of Financial Institutions and Money Markets Fundamentals Exercise | Understand what is special about financial intermediaries, the objectives of financial institution decision making, types of risk, benefits of portfolio diversification, time value of money, capital markets and theory of interest rates. | Introduction to Management of Financial Institutions-handout  
Q 1-1 Through 39  
Appendix 1A and B  
Money Market Fundamentals-Handout  
Time Value of Money-Handout  
Economics of Banking-Handout |
| 2/12,19, 26/2019 | Class notes and Chapters 2,3,4,5,6 (S&C) | Overview of different types of financial institutions. Overview of | Understand what is special about financial intermediaries, the objectives of financial institution decision making, types of risk, benefits of portfolio diversification, time value of money, capital markets and theory of interest rates. | Introduction to Management of Financial Institutions-handout  
Q 1-1 Through 39  
Appendix 1A and B  
Money Market Fundamentals-Handout  
Time Value of Money-Handout  
Economics of Banking-Handout |

| Exam: 2/26/2019 | different types of risk in different financial institutions. | Q 6-1 Through 31  
FIRST MAJOR EXAM over Handouts and Chapters 1 through 6 (100 Points) last half of the class. |
|---|---|---|
| 3/12, 26/2019 4/2/2019 | Chapters 7,8,9 (S&C)  
Types of Risk (Chapter 7) and Measuring and Resolve Interest Rate Risk in Financial Institutions (Chapters 8 and 9)  
Topics include interest rate risk, Rate-sensitive assets, rate sensitive liabilities, and repricing gap, Maturity Gap, Duration and Duration Gap. | Q 7-1 Through 37  
Appendix 7A  
Exchange Rate Risk-Handout  
Q 8-1 Through 39  
Integrated Mini Case  
Appendix 8A and 8B  
Duration-Handout  
Q 9-1 Through 35  
First Integrated Mini Case  
Appendix 9A and 9B |
| 3/26/2019 4/2,9/2019 | Class notes and Chapters 10,11,15  
Measuring and Resolve Credit Risk and Market Risk in Financial Institutions  
Credit Risk and Market Risk | Class notes  
Q 10-1 Through 50  
Integrated Mini Case  
Appendix 10A, and 10B  
Q 11-1 Through 26  
Integrated Mini Case  
Appendix 11A, and 11B  
**Market Risk and Beta-Handout**  
Q 15-1 Through 33  
Integrated Mini Case  
**SECOND MAJOR EXAM (100 Points) over Chapters 7,8,9,10,11,15 and handouts-last half of class (100 Points)** |
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Questions/Exercises</th>
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<tbody>
<tr>
<td>4/16,23/2019</td>
<td>Class notes and Chapters 12,13,14,16</td>
<td>Managing Liquidity Risk, Exchange and Sovereign Risk, Off Balance Sheet Risk</td>
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<td>Liquidity risk, Foreign Exchange (FX) Risk, Spot and Forward markets for Foreign Exchanges and Sovereign Risk</td>
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<td>Q 12-1 Through 28 Integrated Mini Case Appendix 12A and 12B</td>
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<td>Q 13-1 Through 31 Integrated Mini Case Appendix 14A</td>
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<td>Q 14-1 Through 27 Integrated Mini Case Appendix 14A</td>
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<td>Q 16-1 Through 28 Integrated Mini Case Appendix 26A</td>
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<td>4/30/2019</td>
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<td>Final EXAM (150 Points) (COMPREHENSIVE)-7:00 to 9:00pm</td>
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<td>Not Covered in this Course: Chapters 17,18,19,20,21,22,23,24,25,26 (S&amp;C)</td>
<td>Technology Risk, Product and Geographic Expansion, Futures, Forwards, Options, Caps, Floors, and Collars, Swaps, Loan Sales and Securitization</td>
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<td>Q 17-1 Through 24 Integrated Mini Case Appendix 20A</td>
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<td>Q 18-1 Through 28 Integrated Mini Case Appendix 20A</td>
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<td>Q 19-1 Through 32 Integrated Mini Case Appendix 22A</td>
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<td>Q 20-1 Through 36 Integrated Mini Case Appendix 22A</td>
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<td>Q 21-1 Through 39 Integrated Mini Case Appendix 23A</td>
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<td>Q 22-1 Through 41 Integrated Mini Case Appendix 23A</td>
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<td>Q 23-1 Through 38 Integrated Mini Case Appendix 23A</td>
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<td>Q 24-1 Through 25 Integrated Mini Case Appendix 24A</td>
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<td>Q 25-1 Through 16 Integrated Mini Case Appendix 24A</td>
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<td>Q 26-1 Through 43 Integrated Mini Case Appendix 26A</td>
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