BUSFIN 4260: **Financial Institutions**  
*Spring 2016 Semester: Part I*

Professor Michael Brandl  
Dec. 30, 2015 version

**Course Sections:**  
Lecture 4107  MoWe  9:35-10:55am in Schoenbaum 209  
Lecture 4498  MoWe  11:10-12:30pm in Schoenbaum 209

**Professor Brandl:**  
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**Course Description**

Financial Institutions play an extremely important role in the functioning of the global economy and in the operation of our firms. When financial institutions fail to act properly the results can be catastrophic, both for financial markets and greater society as a whole. While financial institutions are critically important, they are often times greatly misunderstood. The purpose of this course is to equip students with a knowledge and appreciation of the operation and interconnectedness of financial institutions.

Today our financial institutions are undergoing a great deal of change. The challenges they face are daunting and historic. Our goal is to examine these challenges and problems in depth. In doing so this class will not offer simple, cookie cutter solutions to the complex problem we face. The problems and issues we face cannot be solved in an Excel spreadsheet. Instead this course will force you to think. Be warned: if you are looking for an easy blow-off finance course – this is NOT it. If on the other hand, you seek to gain future insight into the problems and opportunities that await financial institutions and our global economy, then prepare for the intellectual ride of your life.

**Required Readings**

In an attempt to keep the cost of your education as low as possible, all assigned readings and other required materials will be found on Carmen

**Suggested Optional Sources** (note: NOT required)


Additional Resources

This course stresses the impact financial institutions have on business practices. The Wall Street Journal provides national and international news as well as detailed information on financial markets and institutions. The WSJ is an excellent source of information for any serious business student.

Another excellent source of information, which is also highly recommended, is the Financial Times. The Financial Times is a daily newspaper out of London with a US edition. The Financial Times offers a much more extensive coverage of economic and business activity outside of the United States, compared to mostly domestic news sources such as the WSJ. If you are interested in pursuing a business career with an international component (note: in the near future ALL business careers will have a large international component) I suggest that you subscribe to the Financial Times.

The Economist is an outstanding weekly British newsmagazine. It analyzes the week’s events and surveys financial market developments. It is a must for a serious business student. Be warned however, the Economist is not an "easy read." Its target audience includes senior executives as well as high ranking government official. However, if you truly desire to succeed in a business career get used to reading information at this level.

Grade Determination

Three Homework Assignments: 12%
Midterm Exam 40%
Cumulative Final Exam 45%
Class contribution 3%

Exams

Note the two exams will be given during class time. Exceptions to this will be granted under only the most extreme circumstances such as a documented serious illness. Failure to show up for an exam does not warrant a make-up exam.

Exams will be closed book, closed notes exam. No study sheets, crib notes or other aids will be allowed. You can expect time pressure on the two exams. The exams will cover material covered in the assigned readings and class discussions.

The exams are designed to test students’ abilities to solve problems and recall and organize information rapidly. Exam questions will require you to know definitions of key concepts, be able to explain concepts, require you to tie concepts together, expect you to apply concepts to business situations, require you to be familiar with historical occurrences relative to key concepts, and be able to solve and interpret mathematical problems.

Homework Assignments

The Homework assignments are designed to help prepare you for the exams. The questions on the homework assignments, some of which will be conceptual, others mathematical, and still others application based, will help you prepare for the exams. The Homework Assignments will be graded
on an effort basis: 2 points represents full credit, 1 point represents partial credit. Late submissions will not be allowed and will earn a score of zero points.

**Q: Can I prepare the Homework Assignments with a classmate?**

Yes. The Homework Assignments are designed for your benefit. They are designed to give you experience in applying what you have learned in class and from the readings. The Homework Assignments also reflect what the exams look like. Thus, it is highly suggested that you treat the Homework Assignments like mini-exams: do them on your own, after you have reviewed the material, and think a great deal about your responses. If after you have attempted to answer the questions on your own, feel free to consult with members of your study group or other class colleagues. Waiting until the last minute to answer the Homework Questions is sub-optimal. Use the Homework Assignments as a learning tool.

The Homework assignments will be administered through Carmen. Check Carmen regularly to see when the Homeworks are posted and when they are closed.

**NOTE:** The University and College expectation is that students spend two hours outside of class for every hour spent in class. Since this course meets 3 hours per week, you should expect to spend 6 hours per week outside of class on course-related work. Thus, you should be spending at least six hours per week outside of class on this course alone. That time should be spent reading the textbook, taking notes on what you were reading, rewriting your class notes, meeting with class colleagues in going over what you have learned (note: this does NOT mean merely reading your notes back and forth to each other), working on homework problems, reading current business press to see how concepts learned tie into the course, thinking about how the course concepts tie together, thinking about how the concepts discussed in this course tie in with concepts discussed in other courses, testing yourself to see if you can explain, in your own words, the concepts discussed in the class and how they tie together, and coming up with your own version of exam questions. And, finally, visiting me in my office.

**Class Contribution**

For the learning process to be effective, you will need to participate actively in the class discussion. By actively participating in class discussions you will sharpen not only own insights but those of your classmates. You will learn the course content, and as importantly, the process of analysis and implementation that is critical to successful management. The expectations are that you will analyze, comment, question, discuss, and build on the contribution of others. Extraneous information and unprofessional behavior, of course, will be penalized. You will be evaluated on your class participation at the end of the course. Key concept: Quality over quantity.
The Final Grade

In calculation of the final grade the traditional scale of: 90-100 A, 80-89 B, 70-79 C, 60-69 D, below 60 a failing grade is most often used. Course totals are generally “curved” as follows: Roughly at least the top 15-20% of the class will get A’s. Roughly, at least the next 25-30% will get B’s. The percentage of the class getting C’s is variable, but generally it is close to 35%. In the event more than 15% of the class averages above 90, I will give more A’s than usual. The same with 80 and B’s, 70’s and C’s, etc.

Pluses and minuses will be reserved for those very close to the cut-off points, thus, very few pluses and minuses will be assigned.

The final grade assigned is an informed and final evaluation and not the beginning offer in a bargaining process. If an error occurs in the calculation of your grade, please notify Professor Brandl or his TA during the beginning of the following semester and actions will be taken to correct any errors. Please do NOT contact Professor Brandl or any TA to "lobby" for a higher grade. Any lobbying efforts (i.e. asking for a higher grade simply because you want one or need one) will not be tolerated.

Make-up or extra work to improve your grade is not possible. Your final letter grade is determined by the above stated method. Your general academic situation (For example, “I need a ‘C’ in this course to graduate.”) and/or personal problems cannot be considered. The final grade in the course, once assigned, will not be changed except in the event of a recording error.

Questions about exam questions. I will be happy to address any questions you may have that relate to a concept covered on the exam at any time: after class, in my office during office hours, during a scheduled appointment, or any time I am free in my office. Questions about specific exam questions should be addressed during office hours or during a scheduled appointment time. In doing so be able to explain why are confused about the concept the question is addressing – that is do not simply ask “can you tell me why ‘a’ is the right answer?” Remember: the goal is to advance learning and understanding not merely getting the “right” answer on an exam.

Religious Conflicts. Students whose religious observations conflict with the assignment schedule will not be penalized in any way. If your religious observation conflict with the published schedule of assignments for the course, however, you must notify the instructor in writing no later than the third class period so that alternative arrangements can be made.

Attendance Policy

Class attendance is required and expected. Attendance may be taken at any time. Be aware: excessive absences will result in a reduction in the final letter grade. Absences are limited to four absences. One absence in excess of this amount will result in a one full letter grade reduction in your final grade for the course (e.g from a B to a C). The ONLY excused absences will be for those of religious observations – see note above on need to inform instructor of religious conflicts.
Electronic Devices

All electronic devices (e.g. laptops, cell phones, etc.) are not to be used in class. They should be put away during class time. This includes the sending and receiving of text messages. Note: the use of laptops for taking of notes is strictly forbidden. Persistent violation of this rule will result in a final grade reduction of one full letter grade.

Disability Services
(http://ods.osu.edu/faculty_syllabus.asp)
Any student who feels s/he may need an accommodation based on the impact of a disability should contact me privately to discuss your specific needs. Please contact the Office for Disability Services at 614-292-3307 in room 150 Pomerene Hall to coordinate reasonable accommodations for students with documented disabilities.

Academic Misconduct
(http://oaa.osu.edu/coam/faq.html#academicmisconductstatement)
Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University’s Code of Student Conduct, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University’s Code of Student Conduct and this syllabus may constitute “Academic Misconduct.”

The Ohio State University’s Code of Student Conduct (Section 3335-23-04) defines academic misconduct as: “Any activity that tends to compromise the academic integrity of the University, or subvert the educational process.” Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's Code of Student Conduct is never considered an “excuse” for academic misconduct, so I recommend that you review the Code of Student Conduct and, specifically, the sections dealing with academic misconduct.

If I suspect that a student has committed academic misconduct in this course, I am obligated by University Rules to report my suspicions to the Committee on Academic Misconduct. If COAM determines that you have violated the University’s Code of Student Conduct (i.e., committed academic misconduct), the sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.
# Tentative Course Outline (subject to change)

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<thead>
<tr>
<th>Spring 2016 Part I</th>
<th>Topic</th>
<th>Required reading</th>
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<tbody>
<tr>
<td>1 Mon</td>
<td>11-Jan Intro/Overview</td>
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<tr>
<td>2 Wed</td>
<td>13-Jan Banks &amp; Money</td>
<td>Brandl Ch 7</td>
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<td>Mon</td>
<td>18-Jan MLK Day - No Class</td>
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<tr>
<td>3 Wed</td>
<td>20-Jan Bank Management I</td>
<td>Brandl Ch 12</td>
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<td>4 Mon</td>
<td>25-Jan Bank Management II</td>
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<td>5 Wed</td>
<td>27-Jan Bank Risks &amp; Performance</td>
<td>Brandl Ch 13</td>
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<td>6 Mon</td>
<td>1-Feb Catch-up</td>
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<tr>
<td>7 Wed</td>
<td>3-Feb <strong>Midterm EXAM</strong></td>
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<tr>
<td>8 Mon</td>
<td>8-Feb Bank Regulation I</td>
<td>Brandl Ch 14</td>
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<td>9 Wed</td>
<td>10-Feb Bank Regulation II</td>
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<td>10 Mon</td>
<td>15-Feb Thrifts &amp; Finance Companies</td>
<td>Brandl Ch 21</td>
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<td>11 Wed</td>
<td>17-Feb Insurance &amp; Pensions I</td>
<td>Brandl Ch 22</td>
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<tr>
<td>12 Mon</td>
<td>22-Feb Insurance &amp; Pensions II</td>
<td>Brandl Ch 23</td>
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<tr>
<td>13 Wed</td>
<td>24-Feb <strong>Final EXAM</strong></td>
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