FNAN 321 Financial Institutions

Time & Location: Mason Hall D001; 1:30 – 2:45 pm Monday & Wednesday
Blueridge Hall 129; 4:30 – 5:45 pm Monday & Wednesday
Enterprise Hall 277; 7:20 – 10:00 pm Monday

Instructor: Dr. Mike Anderson (PhD)
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Office Phone: 993-5816
e-mail: mander19@gmu.edu
Office Hours: Walk-in/by appointment
Course Webpage: http://somfin.gmu.edu/~anderson/321

Course Description
This course is an introduction to financial institutions, the key roles they play in the greater economy, and the main risks they face. We will begin with an overview of financial institutions – how major types of institutions are structured, how this structure relates to their functions and some industry trends. Next, we focus on managing different types of risks: interest-rate risk, credit risk, off-balance-sheet risk, and liquidity risk; emphasizing basic ideas, tools, and business applications. We will also discuss the evolution of the financial services industry, causes and consequences of the 2008 credit crisis, and the response of regulators. The course is essential to anyone planning a career in financial services or in an area such as consulting or corporate treasury that works closely with financial institutions.

Prerequisites
This class assumes that students are equipped with a strong understanding of basic theoretical and practical concepts of financial management, which means successful completion of FNAN 301. Students should have an operational knowledge of MS-Excel.

Required Text

**Supplemental Readings:**
Supplemental readings will be available on the course webpage. Please note that the recommended reading is intended to advance your knowledge of the subject matter presented in class. However, it is not required for the course.

Students are also strongly encouraged to read financial press, such as the *Wall Street Journal* or *Financial Times*, to reinforce applications of the topics that we cover in class.

**Lecture Material:**
Handouts will be made available on the course webpage for each lecture. These handouts may closely resemble the slides used during lecture. However, they do not contain all course materials. Students may be tested on any information made available through course-required material. This includes, but is not limited to, lectures, required readings, and homework.

**Grading**
The final course grade is determined using the grading scheme below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Allocation</th>
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<tbody>
<tr>
<td>Homework</td>
<td>30%</td>
</tr>
<tr>
<td>Participation</td>
<td>5%</td>
</tr>
<tr>
<td>Exams</td>
<td></td>
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<tr>
<td>Exam I</td>
<td>15%</td>
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<tr>
<td>Exam II</td>
<td>25%</td>
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<tr>
<td>Exam III</td>
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**Homework:** Homework will be assigned as indicated on the lecture schedule. These assignments must be completed and turned in individually by each student. However, students are strongly encouraged to work together on homework.

**Grading:**
- Each homework problem set is scored out of a pre-designated number of points which is listed on the cover page. The number of points that each problem/question is worth is listed in the problem.
- To receive full credit for any given problem/question, the question must be answered correctly, answer must be written in a clear and legible manner and **you must show all of your work** (*Listing inputs to your calculator does not constitute showing your work*).
- Homework must be hand written **electronic copies will receive no-credit**
- Solutions to each problem must be identified by drawing a circle or box around your answer
- **Homework must be submitted in class on due date.** The due date for each assignment is indicated on the webpage. Any other form of submission including but not limited to: late assignments, emailed assignments, assignments dropped in my mailbox or the department drop box will receive no-credit. However, you can drop two problem sets.
• Each problem set must be handed in separately. Assignments that are stapled, folded or otherwise bond together or written on the same piece of paper will not be accepted.

• Your lowest homework grade will be dropped: The 2 problem set with the lowest percentage grade will not be counted in the calculation of your final homework grade. In the case where multiple low grades (i.e., three 0% assignments), the assignments with lowest total point score will be dropped.

• Your final homework grade will be calculated as a percent of the total points received over all homework assignments. For example, if you received 50% of the points 1440 points available on homework your, final homework score would be (.50)(.30) = .15

Project: There is one project on capital adequacy. This project will count as one homework assignment and will be graded on the basis of accuracy. You may not drop your score on the project.

Exams: There will be three exams over the semester. Two “midterms” that will be held during scheduled lecture hours specified in the course outline on the website. The final exam will be held during finals week in the time slot allotted by the university. Each exam is implicitly comprehensive in the sense that material presented at later stages of the course builds on concepts developed earlier on. Although exams will focus on the material presented since the last exam, they may also contain questions taken from previously tested material. The first exam “Exam I” will count for 15% of your final grade. Each of the last two exams will count for 25% of your final grade. **EXAMS ARE NOT OPTIONAL - YOU ARE REQUIRED TO TAKE ALL 3 EXAMS AT THEIR SCHEDULED DATE AND TIME.**

Participation: PARTICIPATION WILL BE GRADED. Class participation is important, both for your retention of the material and for the benefit of class discussions and questions. **Formally, participation will be determined by periodic quizzes.**

  • I will distribute quizzes periodically in class. These quizzes are your opportunity to practice new material on your own and clarify questions that may arise. You will receive full credit on these quizzes for making an effort. I will not penalize incorrect answers. Missed quizzes cannot be made up. However, you can drop two quizzes if the class meets twice a week and one quiz if the class meets once a week.

  • In addition, extra credit may be awarded to students who actively participate in class discussions throughout the semester. These points are awarded at the discretion of the professor.

Extra Credit: Extra credit can be earned for demonstrating extraordinary effort in the course. These points are rarely awarded. However, if a student exerts significant effort and/or demonstrates a mastery of material far beyond the minimum level required by the course, they may be awarded extra credit upon calculation of the final grade. Extraordinary effort and mastery of the material is evaluated on a case-by-case basis and is entirely determined at the discretion of the professor.

Grading Scale:

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<thead>
<tr>
<th>Grade</th>
<th>less than</th>
<th>Greater than or equal to</th>
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</thead>
<tbody>
<tr>
<td>A+</td>
<td>Reserved for exceptional performance</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>93%</td>
<td></td>
</tr>
<tr>
<td>A-</td>
<td>93%</td>
<td>90%</td>
</tr>
</tbody>
</table>
B+  90%  87%
B  87%  83%
B-  83%  80%
C+  80%  77%
C  77%  73%
C-  73%  70%
D+  70%  67%
D  67%  63%
F  63%

Percentages will be rounded to 3 decimal places in excel prior to assigning the final letter grade. For example, if your final score is: 0.8291483 this will be rounded to 0.829 = 82.9% and you would have a B- in the class

Absences and Late Assignments
- There are no excused absences
- Exams: If you are physically incapacitated or some catastrophic event prevents you from attending one of the first two exams, I may allow you to make it up as part of your final exam. In this case, you will be required to take both the midterm and final at the university scheduled final exam time. Makeup exams will be granted on a case by case basis.
- If you miss the final, you will receive a score of zero for that exam.
- **Missing two or more exams will result in a failing grade for the course**
- Homework/Quizzes: lost points on homework and quizzes resulting from absences cannot be made up
- Late assignments will not be accepted

Regrading Policy
**Errors:** Grading errors will be corrected. These include mechanical or mathematical errors such as an incorrect tally of points, incorrect calculation of percentage points, etc.

**Appeals:** Regrade appeals are appropriate when you feel that an answer has been graded incorrectly. These must be submitted in writing within **one week after the graded test is returned.** The appeal must include:

i. A description of the question(s) that needs to be reexamined as well as an explanation of why the original grade is incorrect.
ii. A reference to the location, in the required course material, that supports the argument that your answer is correct. For example, “My answer to test question 5 is taken directly from page 534 paragraph 3 of the Saunders and Cornett Text”.

**Conflicts:** The required text (Saunders and Cornett, *Financial Institutions Management: A Risk Management Approach, 8th Edition*) is the main resource for this course. Therefore, if for any reason information in other required materials (handouts, readings …) conflicts with the information in the text, the text will take precedence unless explicitly stated.

**Procedure:** Regrading requests must be submitted using the regrading request form found on the course web site. Any exam submitted for regrading of a question is subject to a complete regrade. As a result, the regraded score may increase, stay the same, or decrease after a careful reevaluation of the entire exam. I will not consider any regrade requests after the one week deadline has passed.
Office Hours
You are welcome to stop by my office at any time to see if I am available. In most cases I will be able to assist you with questions on a walk-in basis. However, if I cannot assist you at that time or if you require more time than I currently have available, I may ask you to schedule an appointment at a later time. For more formal arrangements, please call my office or email me to make an appointment for an office visit please include the time you would like to meet and length of the meeting. Office hours are for assistance with FNAN 321 questions only.

Disability Services
The Office of Disability Services verifies students with specific disabilities and develops strategies to meet the needs of those students. Students requiring accommodations based on identified disabilities should contact the office of Disability Services at George Mason University ((703) 993-2474) or visit the website (http://ods.gmu.edu/). It is the students responsibility to setup the accommodation (through ODS) and provide the required documentation.

Academic/Course Conduct
This course is administer under the policies of George Mason University: http://universitypolicy.gmu.edu/http://catalog.gmu.edu/

Honor Code: Students are expected to follow the University Honor Code: “Student members of the George Mason University community pledge not to cheat, plagiarize, or lie in matters related to academic work” http://oai.gmu.edu/honor-code/.

Lectures: Students are expected to be courteous and respectful while attending lectures. Conduct that will not be permitted in class includes, but is not limited to, inappropriate outbursts (excluding instances arising from documented medical conditions), sleeping, reading newspapers, magazines, or other material unrelated to the course.

Electronic Devices in Lecture:
Computers/Tablets: do not permit the use of computers in class unless otherwise stated. Students who violate this policy may be asked to leave the lecture.

Cell Phones: Cell Phones must be turned off during lecture. If you are texting in class you will be asked to leave.

Email: I expect emails to be written in a professional manner. This includes appropriate use of language and tone. Inappropriate emails will not be answered.

Other Student and Academic Resources
• writing center: http://masononline.gmu.edu/student-resources/writing-center/
• Counseling and Psychological Services: http://caps.gmu.edu/
• Learning services: http://caps.gmu.edu/learningservices/

Tentative Course Outline
This outline is tentative and subject to change. Please refer to the course website for updates on readings and homework assignments. Students are expected to prepare for each class by completing the assigned readings in the outline. It is the students’ responsibility to check the course website for updates and announcements.