



## UNIT OUTLINE

### Financial Markets and Institutions

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<b>UNIT CODE &amp; TITLE</b>	BE622 Financial Markets and Institutions
<b>AUTHOR</b>	Gensheng Shen
<b>SCHOOL</b>	Business
<b>COURSE</b>	Bachelor of Commerce
<b>PREREQUISITE(S)</b>	BE507 Business Microeconomics Recommended MB521 Business Statistics or equivalent and BE508 Business Macroeconomics
<b>COREQUISITE(S)</b>	Nil
<b>DURATION</b>	One teaching period
<b>CREDIT POINTS</b>	15

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#### OBJECTIVES

Students completing this unit should:

##### Knowledge

- understand the functions of financial instruments, markets, institutions and the Reserve Bank of Australia
- comprehend the evolution of the Australian and international financial systems

##### Skills

- be able to critically examine the financial instruments, financial markets, financial institutions as a financial system of a country
- possess the ability to estimate the demand for and supply of money functions and to understand the interest rate determination process
- acquire the skills of formulating monetary policy in relation to various economic problems

##### Attitudes and values

- appreciate theoretical principles and latest development of monetary economics
- promote the skills of economic reasoning and argument in oral and written form

## CONTENT

- functions of financial markets: securities markets such as money, bond, mortgage, and stock markets; derivative markets such as futures, options and swap markets
- functions of financial institutions: banks; non-bank financial institutions including savings institutions, credit unions, mutual funds, pension and superannuation funds, finance companies and insurance companies
- functions of international financial markets and institutions: foreign exchange, spot rate market and option market; the International Monetary Fund, the World Bank and Asian Development Bank
- evolution of the Australian financial system and the functions of the Reserve Bank of Australia
- theories of demand for and supply of money and theories of interest rate determination
- monetary economics: the quantity theory of money, the AD-AS model, the expenditure-income model and the IS-LM model
- monetary policy instruments and policy formulation.

## LEARNING TASKS AND ASSESSMENT

Learning Tasks	Graded Assessment	Weighting
Essay – identifying, planning, researching and writing accordingly	Essay	40-60%
Examination – applying theoretical principles to the analysis of subject questions under the examination conditions.	Exam	40-60%

## METHODOLOGY

A combination of lectures, tutorials, workshops, seminars, private and group study time and self-directed learning.

## REFERENCES

- Bruce, R; McKern, B;, Pollard, I; and Skully, M. *Handbook of Australian Corporate Finance*. Fourth Edition. Melbourne: Butterworths, 1992.
- Dunstan, B. *Understanding Finance with the Australian Financial Review*. 3rd. Ed.. Sydney: Fairfax. 1992.
- Greig, M. *Financial Institutions Law & Practice*. Sydney: Law Book. 1993.
- Hunt, B. & Terry, C. *Financial Instruments and Markets*. Sydney: Thomas Nelson, 1993.
- McGrath, M and Viney, C. *Financial Institutions, Instruments and Markets in Australia*, Second Edition. Sydney: McGraw-Hill, 1997.
- Miller, R.L. and VanHoose, D. D. *Modern Money and Banking*. 3rd Edition. New York: McGraw-Hill. 1993.

- The House of Representatives Standing Committee on Finance and Public Administration. *A Pocket Full of Change: Banking and Deregulation*. Canberra: Australian Government Publishing Service. 1991.
- The Reserve Bank of Australia. *Reserve Bank of Australia Bulletin*. (a monthly publication of financial data with feature articles).
- Viney, C. *McGrath's Financial Institutions, Instruments and Markets*, Third Edition. Sydney: McGraw-Hill, 2000.
- Wallis, S. Financial System Inquiry Final Report. Canberra: AGPS. 1997.