

**THE UNIVERSITY OF TEXAS AT EL PASO**

Department of Economics and Finance

Dr. Erik Devos

Office Room: 102 College of Business

Phone: (915) 747-7770; Email: [hdevos@utep.edu](mailto:hdevos@utep.edu)

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**FIN 3325 Money & Capital Markets**

Course Syllabus, Spring 2018

**Class Hours:** 12:00 – 1:20, Tu-Th, in BUSN - 319  
**Office Hours:** after class and by appointment  
**Required Text:** Bank Management, by Koch and MacDonald, 8th edition

**Course Description:** Analysis of the instruments and institutions of the money and capital markets and emphasis on the roles of these markets in the economy

**Calculators:** You need access to a *business* calculator, such as TI BA II Plus (recommended) or equivalent. Your calculator should be able to compute the net present value (NPV) and the internal rate of return (IRR) on an uneven stream of cash flows.

**Grade Components:**

Exam 1	15%
Exam 2	15%
Exam 3	15%
Exam 4	15%
BMC Course	10%
5 BMC projects	15%
Bank	15%
Project/game	
Total	100%

**Attendance:** Students are strongly encouraged to attend each class session and participate in class discussions. Students who attend class regularly perform substantially better in the exams than those who do not.

**Exams:** Four exams will be given. The exams will be based on assigned readings, lectures, and most importantly, assigned end-of-chapter problems.

**Bloomberg Market Concepts:** Bloomberg Market Concepts (BMC) is an 8-hour, self-paced e-learning course that provides an interactive introduction to the financial markets. BMC consists of 4 modules - Economics, Currencies, Fixed Income and Equities - woven together from Bloomberg data, news, analytics and television. The course is available through the Bloomberg Professional Service at BMC <GO>.

Students will be required to take the BMC and pass each of the four modules. A passing grade is 70% or better. Bloomberg Professional Service terminals are available in the GECU – Bloomberg Terminal Room, Texas Gas Center (COBA) and in the CalcLab. One must first sign up as a Bloomberg Professional Service user, which is free. Upon passing the BMC you will receive a certificate of completion from Bloomberg which will be valuable in your professional career

*Research projects:* As the semester progresses, 5 Bloomberg assignments will be assigned.

*Bank project/game:* In groups of 5 or 6, during the semester, the Stanford Banking Game will be played. In addition to final standings of the banks (based on stock price performance), groups are expected to write and present a final report (like a 10-K) of their bank performance.

**Tentative Course Outline:**

- 1-16: Introduction and Syllabus
- 1-18: Ch. 1 – Banking and the Financial Services Industry
  
- 1-23: Ch. 3 – Analyzing Bank Performance
- 1-25: Ch. 3 – Analyzing Bank Performance
  
- 1-30: Ch. 4 – Managing Noninterest Income and Noninterest Expenses
- 2-1: **Bank Decisions Round 1**, Ch. 4 – Managing Noninterest Income and Noninterest Expenses
  
- 2-6: **BMC Course - due**, Ch. 6 – Pricing Fixed Income Securities
- 2-8: **EXAM 1**
  
- 2-13: Ch. 7 – Managing Interest Rate Risk: Gap and Earnings Sensitivity
- 2-15: **Bank Decisions Round 2**, Ch. 7 – Managing Interest Rate Risk: Gap and Earnings Sensitivity
  
- 2-20: **BMC Assignment #1 due**, Ch. 8 – Managing Interest Rate Risk: Economic Value of Equity
- 2-22: **Bank Decisions Round 3**, Ch. 8 – Managing Interest Rate Risk: Economic Value of Equity
  
- 2-27: **BMC Assignment #2 due**, Ch. 9 – Using Derivatives to Manage Interest Rate Risk
- 3-1: **Bank Decisions Round 4**, Ch. 9 – Using Derivatives to Manage Interest Rate Risk
  
- 3-6: Ch. 10 – Funding the Bank
- 3-8: **EXAM 2**
  
- 3-13: Spring Break
- 3-15: Spring Break
  
- 3-20: Ch. 10 – Funding the Bank
- 3-22: **Bank Decisions Round 5**, Ch. 11 – Managing Liquidity
  
- 3-27: **BMC Assignment #3 due**, Ch. 14 – Evaluating Commercial Lona Requests and Managing Credit Risk
- 3-29: **Bank Decisions Round 6**, Ch. 14 – Evaluating Commercial Lona Requests and Managing Credit Risk
  
- 4-3: **BMC Assignment #4 due**, Ch. 15 – Evaluating Consumer Loans
- 4-5: **Bank Decisions Round 7**, Ch. 15 – Evaluating Consumer Loans

4-10: Ch. 16 – Managing the Investment Portfolio

4-12: **EXAM 3**

4-17: Ch. 16 – Managing the Investment Portfolio

4-19: **Bank Decisions Round 8**, Ch. 17 – Global Banking Activities

4-24: **BMC Assignment #5 due**, Ch. 17 – Global Banking Activities

4-26: Ch. 5 – The Performance of Non-Traditional Banking Companies

5-1: **Bank Report due, BANK PRESENTATIONS**

5-3: **BANK PRESENTATIONS**

5-9 @ 1 pm.: **EXAM 4**

### **Important Notes:**

1. In addition to the announced office hours, students may stop by my office at anytime (or email me) to ask questions.
2. If you have any trouble with the class, please get help ASAP. Do not let the problems buildup.
3. If you have a disability and need classroom accommodations, please contact The Center for Accommodations and Support Services (CASS) at 747-5148, or by email to [cass@utep.edu](mailto:cass@utep.edu), or visit their office located in UTEP Union East, Room 106. For additional information, please visit the CASS website at [www.sa.utep.edu/cass](http://www.sa.utep.edu/cass).
4. **Academic integrity**. Academic integrity is an extremely serious matter. All students are expected to comply with University rules and regulations on academic integrity and honesty. Disciplinary sanctions may be imposed for violations of these rules and regulations. Because this class is a combination of quizzes and written case reports, extra care will be taken to assure the integrity of the teaching/learning process.
5. This syllabus is tentative.