

**THE UNIVERSITY OF WISCONSIN-PARKSIDE**  
**Department of Economics**

Economics 367

Financial Institutions and Markets

Spring 2009

Instructor: **Stefan Ruediger**

**Office:** Molinaro 274

**Office hours:** Monday and Wednesday 1:00pm – 2:00pm or by appointment

**Office phone:** (262) 595-2268, **Email:** ruediger@uwp.edu

**Course time:** MWF 11:00A - 11:50A Molinaro 215

**Final Exam:** 05/11/09 10:30A

## **Introduction**

Financial markets and financial intermediaries are crucial to a well-functioning economy because they channel funds from those who do not have a productive use for them to those who do. Well functioning financial markets, such as the bond market, stock market, and foreign exchange market, are key factors in producing high economic growth. The goal of the class is to understand how financial markets and institutions work and why they are a crucial part of the economy.

## **Course requirements**

The required text book is “**Financial Markets and Institutions by Frederic S. Mishkin and Stanley G. Eakins, 6e**”. It is available at the UWP-bookstore. The material builds upon itself, so keeping up to date with the readings and lectures is very important. Typically, lectures will extend the results from the previous class. If there are concepts that you find confusing, please ask for help as soon as you can!

You will need to have access to the Internet for course work, since I will post important information, assignments and problem sets online using **Aplia** and D2L. You are also required to purchase access to the Aplia course webpage (further instructions below). If you do not know how to use Aplia or D2L please let me know as early as possible.

You are required to purchase an **iclicker** remote for in-class participation. iclicker is a response system that allows you to respond to questions I pose during class, and you will be graded on that feedback and/or your in-class participation. In order to receive this credit, you will need to register your iclicker remote online or in class no later than Feb 2<sup>nd</sup> 2009.

## Grades

<b>Mid-term exams x2</b>	20% x 2=	40%
<b>Final exam</b>		25%
<b>Online Homework assignments (Aplia)</b>		20% (two lowest scores will be dropped)
<b>In-Class assignments</b>		15% (two lowest scores will be dropped)

**Notes:** Each each assignment (Homework and In-Class Assignments) is worth one unit, regardless of the number of points that are possible on the assignment. The score for each assignment is the fraction of correct answers out of all possible answers. These scores are ranked at the end of the semester and the lowest two are dropped. So, if there are 18 Homework assignments, I take the average of the 16 highest scores for each student and get an overall number between zero and one. The lowest two scores can also be assignments that you missed. Hence, I will allow you to miss two assignments (Homework and In-Class assignments), but be sure to use these “free passes” wisely. Homework will be assigned on a weekly basis. In-Class assignments will start to count towards your final grade after February 2<sup>nd</sup>, 2009.

## Course Outline

(depending on the progress of the class)

Date	Chapter(s)	Topics
Week 1	1	Introduction, Why Study Financial Markets and Institutions
Week 2	2	Overview of the Financial System,
Week 3	3	What do Interest Rates Mean and What is Their Role in Valuation, <b>Experiment</b>
Week 4	4, 5	Why do Interest Rates Change?, How Do Risk and Term Structure Affect Interest Rates?
Week 5	6	Are Financial Markets Efficient?
Week 6		<b>EXAM 1</b>
Week 7	9	The Money Markets
Week 8	10, 11	The Bond Market, The Stock Market
Week 9		<b>Spring Break</b>
Week 10	12	The Mortgage Markets
Week 11	13, 14	The Foreign Exchange Market , The International Financial System
Week 12		<b>EXAM 2</b>
Week 13	15, 16	What Should Be Done About Conflicts of Interest in the Financial Industry?, Why do Financial Institutions Exist?
Week 14	17	Banking and the Management of Financial Institutions
Week 15	18	Commercial Banking Industry: Structure and Competition , <b>Experiment</b>
Week 16	20, 21	Banking Regulation , The Mutual Fund Industry
Week 17		<b>FINAL EXAM</b>



## Student Registration and Payment Instructions

---

**Course Name:** Financial Markets and Institutions - Spring 2009

**Start Date:** 01/20/2009

**Instructor:** Stefan Ruediger

**Course Key:** BG7K-LQGE-L7ZG

**You can begin working on your homework as soon as you register!**

- In this course, you will use a textbook and Aplia's website.
- 

### Registration

**If you have never used Aplia before...**

1. Connect to <http://www.aplia.com>.
2. Click the New Student link and enter your Course Key: **BG7K-LQGE-L7ZG**. Continue following the instructions to complete your registration.

**If you have used Aplia before...**

1. Connect to <http://www.aplia.com>.
2. Sign in with your usual e-mail address and password and enter your Course Key when prompted: **BG7K-LQGE-L7ZG**. If you are not prompted for a new Course Key, click the Enter Course Key button to enroll in a new Aplia course. Enter your Course Key when you are prompted.

*\* You will have different payment options after you register for your course. If you choose to pay later, you can use Aplia without paying until 11:59 PM on 02/09/2009.*

### Payment

**Aplia Access**

- **From Aplia:** Purchase access to your course from Aplia's website for \$35.00 USD.

## **iClicker**

**It is absolutely necessary to register your iClicker, otherwise you will not receive any credit for participation in class. There are two ways you can use to register your iClicker: 1. Web Registration (preferred); 2. In-Class Registration**

### ***WEB REGISTRATION:***

"You will need to register your iclicker remote online no later than Feb 2<sup>nd</sup> 2009. You must have come to class at least once and voted on at least one question in order to complete this registration properly. Once you have voted on a question in my class, go to <http://www.iclicker.com/registration>. Complete the fields with your first name, last name, student ID, and remote ID. Your student ID should be a 7 digit number (e.g. 2013633). The remote ID is the series of numbers and sometimes letters found on the bottom of the back of your iclicker remote. iclicker will be used every day in class, and you are responsible for bringing your remote daily."

### ***IN-CLASS ("ROLL CALL") REGISTRATION:***

"You will need to register your iclicker remote in class. I will project a Registration screen with 3 steps to follow (look for your [**student ID**], which will alphabetically scroll down the screen). Once your remote is registered, your [**student ID**] will no longer appear on that scrolling list and you are registered for the entire semester. If for some reason, you cannot follow these steps, I will need to register you by Feb 2<sup>nd</sup>, 2009. iclicker will be used every day in class, and you are responsible for bringing your remote daily."