Faculty Web Page and MYSJSU Messaging

Copies of the course materials such as the syllabus, major assignment handouts, etc. may be found on Canvas.

Course Description

This course focuses on the management of commercial banks and the role they play in the functioning of the economy and the financial system. It is designed for students who are interested in working in or interacting with the banking and financial services industry.

Course Content Learning outcomes (LO)

Upon successful completion of this course, students will be able to describe:

LO 1) the impact of government policy and regulation on banking

LO 2) the measurement and evaluation of bank performance

LO 3) a bank’s Asset - Liability management techniques including the measurement and management of liquidity and interest rate risk

LO 4) the use of off-balance sheet activities including the use of financial futures, options, swaps and other hedging tools

LO 5) the Management and pricing of deposits and other sources of funds for banks

LO 6) the management of credit risk and the setting of lending policies and procedures.

Prerequisite

A minimum C grade in BUS 171A.
Required Textbook


Or

The used 8th edition ISBN: 978-0-07—724592-4

Calculator:
A financial calculator is required. Please bring your own financial calculator for the exams. Recommend HP10B11

Teaching Methods
I look forward to using my 28+ years of work experience in banking when teaching this course. Prior to my teaching career I held the position of Managing Director and Treasurer at Bank of America. I intend to bring real life examples of market risk management and credit risk management to this course. Class time will be divided between lectures and quizzes. Lectures will be used to highlight the key points of the material. The course is designed to further the understanding of bank financial statements and bank performance. Class participation in the form of problem solving or responding to questions will be an important part of the learning experience.

Course Expectations
Students must read assigned text material prior to class. Completion of assigned homework is crucial to understanding important concepts. Class attendance is essential to keep up with the course and to learn key concepts. Students are advised to see me during office hours if they sense that they are falling behind.

Tentative Course Schedule:

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topic/ Assigned Readings</th>
<th>Homework Problems</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>08/26</td>
<td>Chapters 1 and 2:</td>
<td>Ch 1: #5, 6</td>
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<td></td>
<td></td>
<td>- An overview of the changing financial services sector bank.</td>
<td>Ch 2: #4 through 7</td>
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<td></td>
<td></td>
<td>- The impact of Government Policy and regulation</td>
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<tr>
<td>2</td>
<td>09/02</td>
<td>Chapter 5: The financial statements of banks.</td>
<td>Ch 5: #1, 3, 4, 5,</td>
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<tr>
<td></td>
<td></td>
<td><strong>QUIZ on chapters 1 and 2</strong></td>
<td></td>
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<tr>
<td>3</td>
<td>09/09</td>
<td>Chapter 6: Measuring and evaluating the performance of banks</td>
<td>Ch 6: #1, 4, 5,</td>
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<tr>
<td></td>
<td></td>
<td><strong>QUIZ on chapters 5</strong></td>
<td></td>
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<tr>
<td>4</td>
<td>09/16</td>
<td>Review for first midterm</td>
<td>Chapter 7: #6, 8, 13, 15, 16</td>
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<td>Chapter 7: Risk management for changing interest rates</td>
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<td></td>
<td><strong>QUIZ on chapter 6</strong></td>
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<tr>
<td>Week</td>
<td>Date</td>
<td>Schedule</td>
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| 5    | 09/23 | First Mid Term Exam  
Review chapter 7 – time permitting  
Chapters 1,2,5, 6 |
| 6    | 09/30 | Chapter 8: Risk Management: financial futures, options, Swaps and other hedging tools  
*Quiz#4 on Chapter 7*  
Ch 8: 1,2,3,4,5,9,15 |
| 7    | 10/07 | Ch.9: Risk management: asset backed securities, loan sales, credit standbys and credit derivatives.  
*QUIZ #5 on chapter 8*  
Ch 9 :1, 2 |
| 8    | 10/14 | Ch.10 The investment function in financial services management.  
*Quiz # 6 on chapter 9*  
Ch 10 : 1,2,3,4,12 |
| 9    | 10/21 | Chapter 11: Liquidity and reserves management: Strategies and policies  
*Quiz # 7 on chapter 10*  
Ch 11: 1, 3,5,11 |
| 10   | 10/28 | Review for 2nd midterm  
Chapter 12 : Managing and pricing deposit services.  
Chapter,16: lending policies and procedures  
*Quiz #8 on chapter 11*  
Ch 12: 1,5,6,8  
Ch: 16 : 1,2,3,4,5 |
| 11   | 11/04 | 2nd mid term exam  
Review chapter 12 and 16 – time permitting  
Chapters 7, 8,9,10,11 |
|      | 11/11 | Veteran’s Day holiday |
| 12   | 11/18 | Chapter 17 : lending to business firms and pricing business loans  
*Quiz#9 on chapter 12*  
QUIZ # 10 chapter 16  
Ch: 17: 1,2,3,7,8 |
|      | 11/25 | Thanksgiving Holiday |
| 13   | 12/02 | Ch.15 : The management of capital  
*Quiz # 11 chapter 17*  
*Quiz #12 chapter 15*  
Final exam review  
Ch 15: 1, 2,3,5 |
|      | 12/16 | Final Exam  
5:15 PM to 7:30 PM |

Note:
Any changes from this tentative schedule will be announced in class one week before the changes occur.

Evaluation Criteria:

Your final grade for the course is based on the distribution below and follows a standard 100 percent scale. A (92-100); A- (88-91); B+ (85-87); B (80-84); B- (77-79); C+ (74-76); C (70-73); C- (67-69); D+ (64-66); D (60-63); D- (60-63); F (59 and below). Grading in the course will be based upon quizzes, two mid-semester exams and a final exam. Quizzes and exams will include multiple-choice questions and true or false based on both lecture material and assigned readings.

<table>
<thead>
<tr>
<th>Task</th>
<th>% of Course Grade</th>
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<tbody>
<tr>
<td>12 Quizzes</td>
<td>10%</td>
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<tr>
<td>First Mid Term Exam</td>
<td>30%</td>
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<tr>
<td>Second Mid Term Exam</td>
<td>30%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>30%</td>
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<tr>
<td>Total</td>
<td>100%</td>
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Exam Format:

The exams will consist of multiple-choice questions. The questions will focus on problem solving and conceptual understanding. The quizzes will be a mix of true or false and multiple-choice questions. More precise details of the exam design will be given prior to each exam.

Makeup Exam:

Makeup exams are given only for excused absences or if the student has obtained the instructor's prior approval. If you miss an exam without an excused absence you will receive a zero for the exam. The university defines the following as excused absences: illness of the student or death of a member of the student's immediate family; University sponsored trips; or major religious holidays. In each foreseen case, written verification will be required at least one week before the scheduled exam and permission to miss an exam must be secured before the scheduled exam time unless the cause of the absence is unforeseen. If you miss an exam for an unforeseen reason you should contact me as soon as you are physically able to email me. The makeup exam will be held during the week following the regularly scheduled exam time. While the difficulty level will not differ from the regular exam, the format of the makeup exam could be primarily essays to expedite administering and returning the exam.
Cheating:
Cheating and plagiarism are not tolerated at the San Jose State University. Anyone caught cheating will be penalized severely. The full penalty will be determined in consultation with the Chair of the Accounting and Finance. The minimum academic penalty is an "F" for the course and filing of a cheating report to the university (Read the Policy on Academic Dishonesty, Section 3.1.4). I may require one stipulation (such as to take off your hat or to bring your picture ID) to reduce the potential for cheating during the exams. I reserve the right to refuse credit to any student who cannot demonstrate to me that he/she understands the question/problem at issue.

Returning Exams and Grievance Procedure:
Graded exams will be returned typically one week after the scheduled day of the exam but no later than two weeks. Anyone feeling that a dispute exists after the grading of an exam may submit a written grievance. This grievance should identify the item in dispute and arguments supporting the student's position. The grievance must be submitted within two class periods following the return of the exam. The instructor agrees to return a written response to the student's grievance within two class periods from receipt of the grievance.

Disabilities:
If you have any condition, such as a physical or learning disability, that will require academic accommodations, please notify me in the first two weeks of the course with the proof from the university Disability Resource Center (DRC) at the Administration Building room 110.