FINANCE 370– BANKING FUNDAMENTALS  
Section 001 Spring 2020

Instructor: Mark Schaub, DBA  
Office: Room 303-C McGee in the ECO/FIN Department  
Office Hours: 9:00AM-10:30AM MW, 9AM-12:30 PM TR  
Other times by appointment  
Phone: 936-468-1505  
E-mail: schaubm@sfasu.edu  
Prerequisites: FIN 333  
Class Meeting Time & Place: 127 McGee at 12:30PM until 1:45PM TR  
Contact Preference: Please email me with your SFA email (not d2l)

TEXTBOOK
The required text for this course is Managing Financial Institutions: An Asset/Liability Approach, 5th edition, by Gardner, Mills and Cooperman (ISBN: 978032469314). Students should also have a financial calculator. A supplement is required: The Stanford Bank Game, by Parker and Beals. The Stanford Bank Game is an actual bank management-training program used by large banks. The authors require a $45 per student fee for participation.

COURSE DESCRIPTION
A thorough study of financial institutions in terms of their characteristics, roles, functions, operations and importance. Prerequisite: FIN 333.

STUDENT LEARNING OBJECTIVES
This course is designed to familiarize students with the operation and management of financial institutions from managements' perspective. Upon completion of this course should have mastered the financial tools for analyzing investment decisions, be able to calculate the impact of policy changes and events on interest rates, be able to understand how to manage the interest rate risk of financial institutions, understand the financial principles underlying the operation of financial institutions, understand the moral hazards involved in the management of financial institutions, understand how financial institutions affect resource allocation and economic activity, understand the reasons for and against regulation of financial institutions, and understand how financial institutions impact wealth creation in an economy.

Program Learning Outcomes:
Program learning outcomes define the knowledge, skills, and abilities students are expected to demonstrate upon completion of an academic program. These learning outcomes are regularly assessed to determine student learning and to evaluate overall program effectiveness. You may access the program learning outcomes for your major and particular courses at http://www.sfasu.edu/cob/ug-plo.asp.

ATTENDANCE
Attendance is a requirement of this course. If you miss a class, you are responsible for everything said and done and should get the missed notes, etc. from a fellow student. Because teams for the Bank Game are chosen randomly, missing class does not only hurt you but potentially hurts others. For this reason, every 4 absences will reduce your final course grade by 100 points (or 1 letter grade). The cost of missing class is compounded during the simulation.

GRADE DETERMINATION
Exams: 50% or 500 points (there will be two in-class exams worth 250 points each)  
Bank Analysis Project: 20% or 200 points (must do a CAMELS analysis of a bank)  
Written Bank Game Assignments: 15% or 150 points  
Bank Management Simulation: 15% or 150 points (attendance and performance on bank game)
Grades are determined based on points, not percentages so that the minimum cutoffs are:
900 = A    800 = B    700 = C    600 = D  and below 600 = F.

Any cheating/collaboration on any exam or assignment will result in a grade of “F” in the course!

**SEMESTER SCHEDULE** (tentative)

FIN 370 “Banking Fundamentals” (3 credits) typically meets twice each week (Tuesday/Thursday) in 75-minute segments for 15 weeks, and also meets for a 2-hour final presentation/examination. Students have significant weekly reading assignments and work problems outside of class because the entire text book is covered in the first half of the semester in preparation for 2 exams and a bank analysis project and banking simulation. After the relevant material is covered and tested, students must each analyze a bank utilizing the bank’s 20-plus page Uniform Bank Performance Report submitted to the federal government. After the testing and bank analysis (from a regulator’s point of view) portion is done, the class is divided into teams of 4 or 5 students and are tasked with running a bank using the Stanford Bank Game (a banking simulation). Each class meeting, the students must make decisions for their bank as well as submit written reports on past decisions and outcomes from the previous meeting(s). During each segment of the semester, the activities and responsibilities require 6 to 10 hours of per week preparation and/or work outside of classroom hours.

Jan. 16 through Feb. 11

Regulation, Technology, Innovation and Background Info Chapters 1-3
Depository Institutions Overview and Performance Analysis Chapters 4-7

**EXAM 1** tentatively **Feb. 13** 250 points

Feb. 18 through March 17
Bank Analysis versus peer, trend analysis, CAMELS analysis (for bank analysis report)
Interest Rates, Exchange Rates, Inflation Rates, Interest Rate Risk Measurement and Management, Use of Derivatives Chapters 8-12
Asset/Liability Management for Depository Institutions Chapters 13-15

**EXAM 2** tentatively **March 19** 250 points

**BANK ANALYSIS DUE** (March 24) 200 points **THIS IS DUE AT THE START OF CLASS, LATE ASSIGNMENTS WILL NOT BE ACCEPTED**

March 24 through April 30 STANFORD BANK GAME 300 points

Intro to Stanford Bank Game/Bank Management Team Organization

Stanford Bank Game Assignments: Each team member will submit a report explaining their analysis, decisions made and results for the previous quarter worth 15 points each and due each day starting April. 2nd. Your final report will be due on May 7th and will cover the entire simulation results (worth 30 points). The following cases are available to help you manage your bank:

President #19, #20, #18, #7 Lending #1, #11, #10, #13
Liabilities #2, #9, #14, #15 Investments #4, #3, #6, #17 Whole team #5, #12, #8, #16

Final Meeting SIMULATION RESULTS PRESENTATION (Thursday May 7th at 11:00 AM)
150 points for SBG Attendance, Contribution and Performance

Every person is assigned a specific role in managing the bank and your participation in this simulation and the assignments make up a major portion of the grade in this class.

-first 50 points counts for both attendance and contribution

  ATTENDANCE- 50 total points, lose 20 points for each absence up to 2, then see attendance note below); Attendance points began the day teams are selected (March 24).

  CONTRIBUTION- teams will vote on each member’s contribution (scale of 1 to 5 with 4.5 and above losing no points, 4.0 to 4.4 losing 10, 3.0 to 3.9 losing 20 and below 3.0 losing 30 points). If the President has no absences, they will get two votes for each team member since they will have to do the jobs of those that don’t show up.

-second 100 points is based on where your team places in the bank game. First place will get 100 points followed by 90 for second, 80 for third and 70 for all others

ATTENDANCE NOTE: Anyone missing 3 or more days during the simulation, including the day teams are chosen, will receive 0 for attendance and contribution and 0 for bank place (so 0 points out of 150 or 1.5 letter grades in the course).

150 for SBG Quarterly reports

Each team member will submit a report explaining their analysis, decisions made and results for each quarter worth 15 points each and due the beginning of each class starting April 2nd (late reports will not be accepted). Each report will cover the quarterly results handout you received in class the previous day. Your final report will be due on the day of your final (May 7th at 11AM) and will cover the entire simulation results (NOTE: these 30 points will be lost if you do not attend that day). These reports should be one page PER QUARTER, double spaced with 1 inch margins and no larger than 12 point type (preferably times new roman). You may go over on to an additional page if you need to. It may include tables, figures or equations if necessary to show info I cannot see just by looking at the quarterly report. However, the reports should state in detail what your decisions were for your particular job and what caused you to make the decisions you did (based on your analysis). Points will be lost for larger than acceptable fonts and long-winded headings (should only be your name, bank name and title, and the quarter the report covers). These will not be accepted late and there are no make-ups. If something unexpected comes up or you don’t have access to a printer you should email it to me before class at:
schaubm@sfasu.edu

Make-Up Policy

If you miss an exam due to an EMERGENCY (subject to my definition) and let me know ASAP before the exam, we will schedule a date and time at the end of the semester for me to give a make-up. This only applies to exams. Late reports for the CAMELS analysis or the bank game will not be accepted.
GENERAL STUDENT POLICIES

Academic Integrity (University Policy 4.1)
Academic integrity is a responsibility of all university faculty and students. Faculty members promote academic integrity in multiple ways including instruction on the components of academic honesty, as well as abiding by university policy on penalties for cheating and plagiarism. Cheating in any form will result in the student getting an F in the course without the benefit of being able to drop the class and documentation being filed with various administrators for further disciplinary action.

Definition of Academic Dishonesty
Academic dishonesty includes both cheating and plagiarism. Cheating includes but is not limited to (1) using or attempting to use unauthorized materials to aid in achieving a better grade on a component of a class; (2) the falsification or invention of any information, including citations, on an assigned exercise; and/or (3) helping or attempting to help another in an act of cheating or plagiarism. Plagiarism is presenting the words or ideas of another person as if they were your own. Examples of plagiarism are (1) submitting an assignment as if it were one's own work when, in fact, it is at least partly the work of another; (2) submitting a work that has been purchased or otherwise obtained from an Internet source or another source; and (3) incorporating the words or ideas of an author into one's paper without giving the author due credit. Please read the complete policy at http://www.sfasu.edu/policies/4.1-student-academic-dishonesty.pdf

Withheld Grades (University Policy 5.5)
Ordinarily, at the discretion of the instructor of record and with the approval of the academic chair/director, a grade of WH will be assigned only if the student cannot complete the course work because of unavoidable circumstances. Students must complete the work within one calendar year from the end of the semester in which they receive a WH, or the grade automatically becomes an F. If students register for the same course in future terms the WH will automatically become an F and will be counted as a repeated course for the purpose of computing the grade point average. For additional information, go to http://www.sfasu.edu/policies/course-grades-5.5.pdf

Students with Disabilities
To obtain disability related accommodations, alternate formats and/or auxiliary aids, students with disabilities must contact the Office of Disability Services (ODS), Human Services Building, and Room 325, 468-3004 / 468-1004 (TDD) as early as possible in the semester. Once verified, ODS will notify the course instructor and outline the accommodation and/or auxiliary aids to be provided. Failure to request services in a timely manner may delay your accommodations. For additional information, go to http://www.sfasu.edu/disabilityservices/

Student Conduct (University Policy 10.4)
Classroom behavior should not interfere with the instructor’s ability to conduct the class or the ability of other students to learn from the instructional program (see the full Student Conduct Code at http://www.sfasu.edu/policies/student-conduct-code.pdf.) Unacceptable or disruptive behavior will not be tolerated. Students who disrupt the learning environment may be asked to leave class and may be subject to judicial, academic, or other penalties. This prohibition applies to all instructional forums, including electronic, classroom, labs, discussion groups, field trips, etc. The instructor shall have full discretion over what behavior is appropriate/ inappropriate in the classroom. Students who do not attend class regularly or who perform poorly on class projects/exams may be referred to the iCare Early Alert Program. This program provides students with recommendations for resources or other assistance that is available to help SFA students succeed.