

FINANCIAL INSTITUTIONS AND MARKETS

Theme:	Finance
Assessment Weighting:	20% Coursework 80% Examination

INTRODUCTION

This elective module offers students an opportunity to focus in detail on the financial services sector. Students will study the global financial market and the core characteristics and activities which are associated with this complex environment. The module builds on previous financial modules from Stages I and II while allowing some degree of specialisation in the area of global financial markets.

AIMS

The aims of this module are to:

- Develop in students an appreciation of the operation of national and international financial markets, new and emerging markets and to provide a working knowledge of the main instruments traded on international markets
- Introduce students to the role of financial institutions and market participants in the creation of the environment in which treasury activities take place
- Expose students to the issues of ethics, transparency, and corporate and social responsibility.

LEARNING OUTCOMES

On successful completion of the module, students should be able to:

- Demonstrate an advanced understanding of the international financial environment, the functions of financial markets, the role of innovation on the markets and the different financial instruments which are traded on them
- Critically evaluate the role and purpose of the various financial market participants and how their actions impact upon the markets in the development of a fully functioning financial market
- Identify and assess the reasons for the development and growth of new financial markets and instruments
- Evaluate critically the role and purpose of new derivative markets within the financial system
- Analyse the impact of European Monetary Union on the banking and financial systems worldwide and assess the impact on world markets of recent international developments
- Demonstrate a detailed understanding of the relevance and practical application of business and professional ethics in financial institutions and markets
- Debate policymakers' responses to banking crises.

SYLLABUS

Introduction to International Financial Markets and Institutions

- The structure and role of the global financial environment
- Global effects of monetary policy on financial markets
- Market regulation and the role and function of regulators in financial markets
- Global financial crises: causes, effects and remedies

Financial Markets and Analyses

- The characteristics and pricing implications of currency markets
- The key considerations of interest rate and debt markets
- Pricing implications in equity markets and derivative security markets
- Structured products

New Markets and Products

- The nature of emerging markets
- Emerging markets as a separate asset class
- Attraction and development of emerging markets
- Instruments traded on emerging markets
- Equity derivatives
- Credit derivatives

EMU and the Euro in Theory and Practice

- Evolution of monetary cooperation in Europe
- Theoretical background to monetary union
- Global impact of EMU and the introduction of the euro

Ethical Considerations

- Ethical issues in financial trading