

University of LAKKI MARWAT

Khyber Pakhtunkhwa, Pakistan.

Course Name	Financial Market & Institution
Course Code	FIN404
Semester	6 th
Credit Hours	03
Total Weeks	16/18
Total Hours	48/54
Total Marks	100
Pre-requisite	None

Course Objectives:

The objective of this course will be to focus on the behavior of major financial institutions, including banking and non-banking financial institutions, and their role in the intermediation process as suppliers of funds to the money and capital markets. This course examines the form and function of various financial markets and the manner in which financial institutions seek to use these markets to accomplish strategic corporate objectives. In addition, we will examine how financial institutions trade various financial claims within the capital market to tailor their risk-return profile in order to enhance capital value.

Grading Criteria

Distribution	Weight
Quizzes, Assignments, and class participation	20
Mid Term	30
Final Term	50
Total	100

Text Book:

1. Financial Markets & institution by Fredric S. Mishkin & Stanley G. Eakins (Updated Edition)

Reference Book:

1. The economics of Money, banking and financial markets by Fredric S. Mishkin (7th edition)

WEEK WISE BREAKDOWN

Week	Description
1,2	<p><u>Overview of Financial System</u></p> <ul style="list-style-type: none"> • Function of Financial Market • Structure of Financial Market • Types of Financial Market • Financial Intermediaries • Regulation of the financial system
3,4	<p><u>Understanding Interest rate:</u></p> <ul style="list-style-type: none"> • What are interest rates • Distinguish B/W Real & Nominal interest rate • Distinction b/w interest rates and returns • Term structure of interest rate
5	<p><u>Money Market:</u></p> <ul style="list-style-type: none"> • Purpose of Money Market • Participants of money markets • Money market instrument
6,7	<p><u>Capital Market</u></p> <ul style="list-style-type: none"> • Purpose of capital market • Primary and secondary market • Players of capital market • Capital market instruments <ul style="list-style-type: none"> ○ Bonds & its features ○ Sukuk bonds ○ Valuation of bonds ○ Practical problems ○ Stock & its features ○ Rights of common stock holders ○ Valuation of common stock holders • A complete overview of KSE • Trading procedure in KSE
8	<p><u>Class Room Activity:</u></p> <ul style="list-style-type: none"> •
	<p>Two Assignments + Two Test+ Presentation Mid Term</p>
9	<p><u>The foreign Exchange Market</u></p> <ul style="list-style-type: none"> • Introduction of Foreign exchange Market. • Exchange rate regime • Factors effecting exchange rate • International monetary system • Exchange rate quotation
10,11	<p><u>Derivative Market:</u></p> <ul style="list-style-type: none"> • Introduction of Derivative Market • History of Derivatives • Players of Derivative market

	<ul style="list-style-type: none"> • Types of derivatives securities <ul style="list-style-type: none"> ○ Forward contract ○ Future contract ○ Option contract ○ Swaps
12,13	<p><u>Financial Institutions:</u></p> <ul style="list-style-type: none"> • Banks & their function • Mutual Funds corporations • Credit union • Credit association • Other financial institutions <ul style="list-style-type: none"> ○ Insurance & Takaful companies ○ Venture capital companies ○ Pension funds
14	<p><u>Investment Bank</u></p> <ul style="list-style-type: none"> • Concept of investment Banks • Functions of investment bank • Cost of investment banks services
15	<p><u>Case studies related to various financial crises</u></p>
16	<ul style="list-style-type: none"> • Final Presentation
	<p>Two Assignments + Two Test+ Presentation Final Term</p>

Learning Outcomes:

- Financial System
- The concept of Interest Rate
- Financial Markets
- Money market & its Instruments
- Capital Market & its Instruments
- Foreign Exchange Market
- Derivatives Market
- Financial Institutions
- Investment Bank