



THE UNIVERSITY OF
NEW SOUTH WALES
SYDNEY • 2052 • AUSTRALIA

SCHOOL OF BANKING AND FINANCE

FINS5530 Financial Institutions Management Session 2, 2004

Course Objectives

The unifying theme in this subject is the application of modern finance and international business theories to financial decision making and to the management of international financial institutions. The subject of bank and financial institution decision-making is approached from an international risk perspective. The course covers the major decision areas for international financial institutional management within the framework of a regulatory and 'corporate responsible' environment. The main topics covered are multinational financial institutions risk and its management (namely, asset and liability, lending, liquidity management, investment, investment management, capital management, off-balance-sheet-risk, market risk, liquidity risk and operating risk) as well as financial institutions performance analysis and strategic planning. The course will also cover issues related to international funds management, international financial services, global financial management, multinational banks and Asia-Pacific financial services.

The course objectives are:

1. To provide students with an understanding of the modern model of International financial institutions including funds management;
2. To Identify the main types of international risk confronted by multinational financial institutions and fund managers;
3. Apply relevant techniques to measure and manage those risks;
4. To provide students with an understanding of Multinational banks and fund management; and
5. To provide students with an understanding of international financial services

PREREQUISITE or CO-REQUISITE FINS5513 Security Valuation and Portfolio Selection

Staff, Contacts and Consultation

Instructor	Location	Telephone	Consultation Hours
Prof. Fariborz Moshirian (f.moshirian@unsw.edu.au)	Q3064	9385 5859	Thursday 11am-1pm

Please note that instructor will only response to student email correspondence that specifies the student's full name and student number.

Accreditation

The Australasian Institute of Banking and Finance (AIBF) is the principal professional association for the banking, funds management and financial services industry in Australia. The AIBF has recently changed its policies concerning graduate and full time student membership. For further information, contact:

Australasian Institute of Banking and Finance
19/385 Bourke Street
Melbourne, Vic, 3001.
Tel (03) 9602 5811

Location and Time

Stream I Wednesday 3pm-6pm ME 503

Stream II Wednesday 6pm to 9pm, CLB 4

The Prescribed Textbook

The text for the subject is Anthony Saunders and Marcia Cornett, Financial Institutions Management – A Risk Management Approach, 4rd Edition, Irwin McGraw-Hill, 2003.

The lecture notes and the instructor's manual are placed on the Web site and students may refer to them.

Other Textbook

J.F. Sinkey, Jr. International Bank Financial Management in the Financial Services Industry, 5th edition, Macrnilan Publishing, New York, 1998.

Topics and reading guides

In order to download **a free copy** of the following articles, you should first go to the Library website.

International Financial Stability

F.Moshirian, Elements of Global Financial Stability, Journal of Multinational Financial Management, Vol 14, nos 4 and 5, 2004

Globalisation and Financial Market Integration, Journal of Multinational Financial Management, Vol 13, nos 4-5, 2003

Markets and Institutions: Global Perspectives,

F.Moshirian and Girotto Szego, Markets and Institutions: Global Perspectives, Journal of Banking and Finance, vol 27, issue 6, 2003.

F. Moshirian, Financial Services: Global Perspectives, The Journal of Banking and Finance, Vol 28, no 2, pp 269-276, 2004

Globalisation and Challenges of International Financial Integration

F.Moshirian, New international Financial Architecture, Journal of Multinational Financial Management, Vol 12, 2002.

Globalisation and Financial Market Integration

F.Moshirian, Globalisation and financial market integration, Journal of Multinational Financial Management, Vol 4-5, 2003

International Trade in Financial Services

F. Moshirian, Trade in Financial Services, The World Economy, Vol 17, no3, pp 347-363, 1993)

International Financial Services

F.Moshirian Determinants of Supply of International Financial Services, Journal of Banking and Finance, Vol 18, no.3, pp 495-505, 1994)

Foreign Direct Investment in financial Services

F. Moshirian, Investment in Financial Services, Journal of Banking and Finance, Vol 26, no3, pp324-344, 2001)

International Business Activities,

F.Moshirian and R. Bishop, International Business : International Interbank Activities, Journal of International Financial Markets, Institutions and Money, Vol.7, no.4, pp278-301, 1997)

Asia-Pacific Financial Services

F. Moshirian, Asia-Pacific Financial Axis: Challenges for further integration, Journal of Multinational Financial Management, Vol 8, 1998

International Insurance Services

F.Moshirian, Sources of Growth in International Insurance Services, Journal of Multinational Financial Management, Vol 9, 1999.

Assessment

Mid-session Examination	40%
Final Examination	60%
Total Assessment	100%

Mid-session and Final examinations

The mid-session exam will be held in week 9 and will cover lecture material up to and including that covered in week 6.

The mid-session exam for both streams will be from 6pm ***in Week 9 on the 23 September. The Venue will be advised through the WEBCT and during the lecture.***

The final examination will cover the material not included in the mid-session examination.

Week 1	Introduction and overview of the international financial system including the depository Institutions Saunders Chapter 2. Uniqueness of international Financial Institutions and a Framework for Risk Analysis. Saunders, chapter 1 Report from the Bank for International Settlements on the Financial System, 2001. <i>Financial System in the New Millennium</i>
Week 2	The international financial services industry: Securities Firms and Investment Banks, Funds Management and Finance Companies I Saunders, chapters 4, 5, and 6. <i>International Financial Services and Global Financial Products</i>
Week 3	Funds Management and Finance Companies II Risk of Financial Intermediation Saunders, Chapters 5, 6 & 7 F. Moshirian, <i>Financial Services: Global Perspectives</i>, The Journal of Banking and Finance, Vol 28, no 2, pp 269-276, 2004 <u><i>Measuring International Risk</i></u>
Week 4	Interest Rate Risk Measurement I Saunders, chapters 8 & 9 <i>Multinational Banks and Risk Management</i>
Week 5	Interest Rate Risk Measurement II Chapter 9 Market Risk Measurement, Saunders, Chapters 10 <i>New International Financial Architecture</i>
Week 6	Individual Loan Risk Measurement, Credit Risk: Loan Portfolios and Concentration Risk Measurement Saunders, Chapters, 11 and 12
Week 7	Credit Risk Management Saunders Ch 12 Off Balance Sheet Activities Saunders Ch 13

Managing International Risk

Week 8

Off Balance Sheet Activities
International Operational and Technology Risk
Saunders Chapters 13 and 14

Foreign Direct Investment in Financial Services

Week 9

MID SESSION EXAM

At 6pm- The venue to be advised through the WEBCT and during the lecture later on.

Week 10

Foreign Exchange Risk Measurement
International Sovereign Risk
Saunders, Chapters 15 & 16

International Business Activities and Financial Institutions

F.Moshirian, ***Elements of Global Financial Stability***, Journal of Multinational Financial Management, Vol 14, nos 4 and 5, 2004

Week 11

Liquidity Risk and
International Liability and Liquidity Management

Saunders chapters 17 and 18

Asia-Pacific Financial Integration

Week 12

Deposit Insurance and other Liability Guarantees
Capital Adequacy,
Saunders, chapters 19 & 20
Product Diversification and International Diversification
Saunders, Chapter 23

International Lending and Portfolio diversification

Week 13

International Securitisation and Loan Sales and other Credit Risk
Management Techniques
Saunders, chapters 27 & 28

Week 14

Review