

Peking University HSBC Business School
Spring 2014-Module 3

Financial Markets and Institutions- a Global Perspective

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| Office Hours: | By appointment | | |
| TA: | | | |

Text:

Jeff Madura, 2008, *Financial Institutions and Markets*, 8th edition, Thomson South-Western.

Zhiyong Tu and Lan Ju, 2013, *Chinese Financial Alternative Investments*, Peking University Press

Edward Qian, Ronald Hua and Eric Sorensen, 2007, *Quantitative Equity Portfolio Management*, Chapman&Hall/CRC

Course Content and Objective:

Chinese economy has integrated into the world market, while Chinese financial system is just starting this process. This process will definitely transform both Chinese and the world's financial landscape. The understanding of Chinese financial markets and institutions under this backdrop is therefore a dynamic one.

This course will cover relevant theories on financial markets and institutions in general, and give special emphasis on China. Comparative analysis will be carried out between Chinese financial system and the systems of other major countries. The course will begin with the central bank, walk through various markets and institutions, and end with financial innovation and regulation.

After this course, students shall not only understand the general picture of a financial system, but also the particular characters of Chinese financial markets and institutions. They shall also learn the methods and skills to analyze financial problems from a global perspective.

Financial practitioners may be introduced into our classes occasionally. Class participation is required, and the teaching will be a combination of lecturing, discussion, case study and empirical work.

Computer Software:

STATA is the econometric package you will use during the whole course. For more resources on how to use STATA, please refer to www.ats.ucla.edu/stat/stata/ or simply search online “how to use STATA”.

Grading Policy:

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|------------------------|-------|
| In-class participation | 30% |
| Presentation | 30% |
| Final Paper | 40% |
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| | 100% |

Academic Honesty:

Academic dishonesty discourages learning. Therefore all students are expected to abide by the code of academic honesty of PHBS, and to interact with one another respectfully, fairly, and honestly. Known instances of academic dishonesty will be prosecuted through the University’s judiciary system.

Main Topics

1. Globalization and Functions of Financial Markets and Institutions

- Globalization and asset integration/diversification
- Markets and institutions
- Heterogeneity of financial markets and institutions
- Discussion Topic 1

2. Central Bank and Monetary Policy

- Origin of central bank/ Central bank independence
- Monetary policy targets and tools
- Monetary policy and assets
- Global monetary policy coordination
- New Trends
- Discussion Topic 2

3. Debt Market and Interest Rate

- Debt market structure
- Debt pricing theory
- Interest rate determination/ Interest rate term structure

- Globalization and debt investment
- New Trends
- Discussion Topic 3

4. Equity Market

- IPO
- Equity pricing theory/stock selection
- Microstructure of equity market
- Globalization and equity investment
- New Trends
- Discussion Topic 4

5. Derivative Market

- Commodity
- Financial futures
- Option
- Swap
- New Trends
- Discussion Topic 5

6. Commercial Banks

- Commercial bank business
- Commercial bank regulation
- Risk management for commercial banks
- International banking
- New Trends
- Discussion Topic 6

7. Other non-bank Financial Institutions

- Securities
- Insurance
- Mutual fund
- New Trends
- Discussion Topic 7

8. Asset Management

- Traditional assets
- Alternative assets
- Globalization and asset management
- New Trends
- Discussion Topic 8

9. Financial Innovation and Regulation

- Innovation vs. regulation: theory and practice
- Globalization and financial innovation/regulation
- New trends
- Discussion Topic 9