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BFIN 450.02: Banking

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BANKING
BFIN 450
SPRING SEMESTER 2015

Instructor: Tony Crawford, PhD

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Class Location and Time: Section 01: MW 9:40 - 11:00 GBB L13
Section 02: MW 11:10 – 12:30 GBB L13

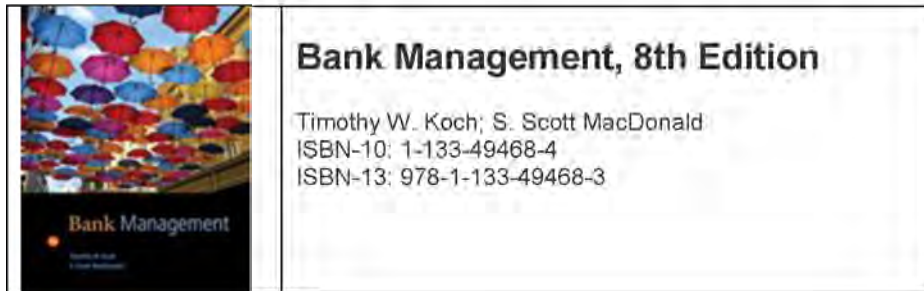
Office Hours: Tuesday 9:00 - 10:30 AM
Thursday 2:00 - 3:30 PM
And by appointment

General Information:

This is an advanced course in Finance; therefore, much of the responsibility for a successful course rests with you. You are expected to prepare to contribute to the class every period and thereby realize the greatest benefit from the course.

Text Books:

Required:



Moodle:

All course materials can be found on Moodle.

Financial Press: Wall Street Journal, Business Week, and/or Barrons (Recommended)

The Wall Street Journal – to purchase the WSJ visit www.wsj.com/impress (1 and 2-year options) or www.wsj.com/studentoffer (15-week option) to start your subscription

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Referring Professor – click on CRAWFORD, TONY

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School of Business Administration Mission Statement and Assurance of Learning

The University of Montana's School of Business Administration enhances lives and benefits society by providing a world-class business education in a supportive, collegial environment.

We accomplish this mission by acting on our shared core values of creating significant experiences, building relationships, teaching and researching relevant topics, behaving ethically, and inspiring individuals to thrive.

As part of our assessment process and assurance-of-learning standards, the School of Business Administration has adopted the following learning goals for our undergraduate students:

- Learning Goal 1: SoBA graduates will possess fundamental business knowledge.
- Learning Goal 2: SoBA graduates will be able to integrate business knowledge.
- Learning Goal 3: SoBA graduates will be effective communicators.
- Learning Goal 4: SoBA graduates will possess problem solving skills.
- Learning Goal 5: SoBA graduates will have an ethical awareness.
- Learning Goal 6: SoBA graduates will be proficient users of technology.
- Learning Goal 7: SoBA graduates will understand the global business environment in which they operate.

Course Objective:

Banks have been at the heart of economic activity for over eight centuries, and they are still preeminent, even though other financial intermediaries are growing in importance. What constitutes "banking" has changed tremendously over the years and will continue to change into the future. Bank Management has always been synonymous with risk management; however the nature of risk has changed tremendously with the changing regulatory environment. From the 1980's to 2005, the banking industry changed dramatically through deregulation. After the financial crisis of 2008 and beyond, the discussion turned back to the regulation of banks. These discussions ensure that the banking industry and the job of the bank manager will continue to evolve and change in the foreseeable future.

The Purpose of this course is to acquaint the student with the role of commercial banks in the capital market and to introduce and apply financial management concepts to the fundamental financial decisions that bank managers make. Attention will be focused on the ever changing banking environment and regulations, the nature of risks faced by banks, asset/liability management, the investment decision (asset management), as well as, the credit (credit management) and financing (liability management) decisions of commercial banks.

Course Learning Goals

- *After this course, students will be able to recognize the threats and opportunities in the banking industry, and understand the role of regulation in shaping the banking industry.*
- *After this course, students will be able to evaluate bank financial statements, recognize strengths and weaknesses, and identify risks.*
- *After this course, students will understand how changing interest rates impact bank profitability and stock price, and will be able to identify procedures for reducing interest rate risk.*
- *After this course, students will be able to apply financial management concepts to the fundamental financial decisions that bank managers make.*
- *After this course, students will understand the process used by banks in making credit decisions, and be able to evaluate and recommend action on a simple loan request.*

Course Homework, Quizzes, and Exams (Preliminary):

Exams	3	60%
Other Assignments/Quizzes/participation	?	40%
Total		100 percent

The tentative/approximate grading scale is as follows:

Percent			Grade
93	To	100.0	A
90	To	92.99	A-
88	To	89.99	B+
83	To	87.99	B
80	To	82.99	B-
78	To	79.99	C+
73	To	77.99	C
70	To	72.99	C-
60	To	69.99	D
0	To	59.49	F

The instructor reserves the right to alter the grading scale over the course of the semester. University policies regarding plus and minus grading will be followed.

Exams

For now, the exam format is (3) non-cumulative mid-terms. Exam format may consist of multiple choice, short-answer questions and/or problems. Exam questions will come from homework, lecture and case discussions. You should be able to complete all assigned homework, and understand lecture examples for exams.

Make-up Work:

All requests for make up work must be approved in advance of an exam. Make-ups must generally be completed within two school days of the missed exam

Cases:

We will complete 1-2 case studies during the semester. Students will work in groups of 2 to 3 students. Each case will consist of several questions to be written-up and submitted to me, as well as some discussion questions we will examine in class. Each group must submit in writing their response to the written case questions. The cases will be discussed in class and students will be asked at random to present the answers to their specific questions.

Complete or partial spreadsheet models will be provided on my web-site to facilitate the computational analysis. Groups may work casually with other groups on assigned questions; however, each group must turn in an **independent** answer.

All answers must be typed!!! Handwritten responses will not be accepted. Answers must be well organized. I reserve the right to reject any assignments that are disorganized or sloppy. Staple or bind loose pages (Do not fold or tear corners).

One of the most important skills you can gain is the ability to write accurate and well-organized reports or responses. In business sloppiness will not be tolerated. **I will deduct up to 25% for disorganized and sloppy responses.**

The **double-spaced** original copy of your case solution is due at the **beginning of class** the day the case is assigned. Late papers, if accepted, will be penalized a minimum of 20%. Any cases not submitted will receive a failing grade.

Case Grading	
30 Percent	Presentation: clarity of writing, effectiveness of tables, professionalism of presentation
50 Percent	Analysis: accuracy of analysis and presentation of results
20 Percent	Discussion and Recommendations: What do you recommend? What additional information is needed and what additional analysis can you perform to support the recommendation.

How to Submit Cases: In general the cases are directed and students will respond to the specific questions assigned. There is no minimum length for your solutions but students should try to stay under three pages (exhibits may stretch your actual submission beyond this). Again responses should be well organized. A memo format may prove helpful. **Always list the question being answered followed by your response.** If you are including tables or other spreadsheet output in your response copy and paste the information in the body of your write-up. **DO NOT** simply **paste a spreadsheet** after or before your write-up. Spreadsheets contain more information than is necessary for outside readers. Choose the relevant information and present it logically and concisely in an abbreviated table. Also, **DO NOT** simply reference pages of output at the end of your write-up. You may attach your output to the end of your write up if you want me to have the information for partial credit when your analysis is inaccurate, **but I will not search** through your spreadsheets for answers or numbers.

Participation, Attendance, and Lectures:

I will use detailed PowerPoint presentations to support my lectures. You can (and should) print off the class handouts before class.

As mentioned above much of the responsibility for a successful class depends on you. I expect students to be actively involved in the lecture by asking questions, and answering questions. I will from time to time randomly call on students to answer questions from cases, readings etc. (Be prepared!!!)

I will take attendance initially and then require a seating chart so that I can expedite learning your names. Participation clearly requires attendance, but attendance is not sufficient to earn a good participation grade.

Periodically I may collect in class assignments – these scores will count towards participation.

Class Rules:

Professionalism and common courtesy are expected and students who are disruptive may be asked to leave. If you have questions as to proper classroom behavior, please ask the instructor.

Curves:

I do not write exams with the intension of curving. I believe that exams are straight forward representations of the material covered. However, I am a realist and from time to time I will need to curve scores. My belief is that curves should be used when I write an exam that is too hard. Curves are not used to bounce your grades when you do not adequately prepare. When I do use a curve I will follow the following rule(s):

1. If I do offer a curve on an exam it will not be automatic! **If you score below 65% on an exam (before the curve) you must see me in office hours or by appointment** so that we can discuss why you struggled on an exam, and what you can do to improve your next score. You will not receive a curve until you meet this requirement. Furthermore, this must be done before the subsequent exam. Failure to meet this criterion will result in lose of curve for you.
2. If attendance becomes an issue in this class, I reserve the right to employ an attendance based curve requirement. If this becomes an issue I will detail this requirement in class, and it will apply to all future tests!

Email:

According to University policy, faculty may only communicate with students regarding academic issues via official UM email accounts. Accordingly, students must use their GrizMail accounts (netid@grizmail.umt.edu or fname.lname@umontana.edu). Email from non-UM accounts will likely be flagged as spam and deleted without further response. To avoid violating the Family Educational Rights and Privacy Act, confidential information (including grades and course performance) will not be discussed via phone or email.

Drop date

February 13th (5PM)– last day to add the course without instructor approval; after this, instructor must approve

February 13th (5PM)– last day to drop the course without instructor approval or change to "audit" option

April 6th (5PM)– last day to drop the course without a petition; here is the UM catalog language: "Documented justification is required for dropping courses by petition. Some examples of documented circumstances that may merit approval are: accident or illness, family emergency, or other circumstances beyond the student's control."

- The Accounting and Finance Department does not sign petitions that do not meet the circumstances defined in the UM catalog
- You cannot petition to drop because of a bad grade.

Classroom Philosophy:

My Role: My role will be to act as a facilitator. I will provide opportunity, structure and direction to facilitate your learning of fundamental concepts centered on the concepts of financial management

Your Role: Your role is to engage in active learning. You will learn and apply important financial concepts while you gain experience. Your success in this class, as in life, will depend on both your effort and performance.

Miscellaneous: Students frequently regard this course and finance courses in general as some of the most difficult ones in the business curriculum. There are several tips that I can offer to not only help you pass this course but to learn something along the way. **First, come to class---** there is a very strong relationship between attendance and grades. **Second,** read the chapters and prepare answers to the assigned problems **before** coming to class. **Third,** it is impossible to make sure every individual understands each concept. If you are struggling with a concept, please come see me outside of class. Please, **do not wait** to see me until just before, or worse, just after an exam. At this point it is too late to do much if any good. Finally there are no dumb questions, so feel free to ask for clarification. I maintain an open door policy and am willing to meet with you nearly anytime that I do not already have a commitment.

Formula for Success:

- Read the Materials ahead of class
- Come to every class
- Work out all suggested end of chapter problems (before consulting the solutions)
- Learn to use your calculator!

Fine Print

Academic integrity

Integrity and honesty are hallmarks of the accounting profession. It is your duty to abide by the University's academic policies, and it is the instructor's duty to enforce those policies. Cheating of any sort will not be tolerated. Cheating, failure to follow instructions, and/or failure to follow course policies may result in a reduced grade or a failing grade at the instructor's option.

A message about academic integrity, from the Provost's office:

All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. All students need to be familiar with the Student Conduct Code. The Code is available for review online at <http://life.umt.edu/VPSA/name/StudentConductCode>

Calculator policy

The faculty of the Department of Accounting and Finance has approved two calculators for use in all accounting and finance courses. The specific models are the **Texas Instruments BA II+** and the **Hewlett-Packard 10BII**. Only these two calculators will be allowed during exams.

Classroom conduct

Professionalism and common courtesy are expected and students who are disruptive may be asked to leave. If you have questions as to proper classroom behavior, please ask the instructor.

Disability accommodations

If you have a documented disability for which you are requesting accommodations please see the instructor during the first week of class.

Grievance policy

Although conflicts between students and professors are rare, they do occasionally occur. Please be aware that the standard operating procedure for dealing with such conflicts within the School of Business Administration is as follows:

1. Try to resolve the conflict with the instructor.
2. If you feel that the conflict cannot be resolved between yourself and the instructor, contact the department head.
3. If, after speaking with the department head and the instructor, you still feel that the conflict has not been resolved, contact the dean of the School of Business Administration.

Incomplete policy

University policies regarding incompletes will be followed. In particular, the policy on incompletes is as follows:

The incomplete is not an option to be exercised at the discretion of students. In all cases it is given at the discretion of the instructor within the following guidelines . . . A mark of incomplete may be assigned students when:

1. They have been in attendance and doing passing work up to three weeks before the end of the semester, and
2. For reasons beyond their control and which are acceptable to the instructor, they have been unable to complete the requirements of the course on time. Negligence and indifference are not acceptable reasons.

Schedule Available on Moodle

All dates in this syllabus are tentative and subject to change. Any changes will be announced in class. I also reserve the right to alter coverage, assignment weights, exam weights etc., if I feel they are necessary for the course (although I have no expectations of this at this time). Any changes will be announced in class.