

Title: Financial Institutions and Markets
Credit Hours: 3

Code: FIN 375
Year /Semester: IV/VII

48 Hours

Course Objectives:

This course aims to provide the students with basic understandings financial institutions and markets. This course familiarizes the students with mutual funds, to evaluate the different financial markets, and to understand the concept and role of central Bank.

Unit 1 Introduction

5 Hours

Meaning of Financial Market, Role of Financial Market, Classification of Financial Market, Financial Innovation- Asset Securitization, General Background of Financial Market

Unit 2 Financial Institutions

5 Hours

Major Financial Institution in World and Nepal

Unit 3 Mutual Fund

10 Hours

Introduction & Benefit, Open vs. Closed End Fund, Organizational Structure, Calculating Net Assets Value; Investment Objective Classes (Equity Fund, Bond Fund, Hybrid Fund, Money Market Fund, Index Fund), Mutual Fund Performance Evaluation, Mutual Fund in Nepal (NCM First MF, Citizen Investment Trust, Securities Investment Trust Act)

Unit 4 Investment Banking

12 Hours

Concept of Primary Market, Function of Investment Bank, Initial Public Offer, Services Provided in Process of Underwriting (Giving Advice, Filing document, Underwriting, Best Effort, Private Placement, Equity Sales, Merger and Acquisition), Primary Market and Investment Bankers in Nepal

Unit 5 Types of Financial Market

16 Hours

Money Market: Introduction about Money Market, Function of Money Market, Money Market Instruments (Treasury Auction, T- Bills, Commercial Papers, Bankers Acceptance, Certificate of Deposit, Repurchase Agreement, Central Bank Fund), Interrelationship of Short Term Interest Rates in Money Market, Significance of Money Market for Controlling Economic Activities

Capital Market: Introduction of Capital Market, Function of Capital Market, Efficiency of Capital Market; Capital Market Participant

Stock Market: Introduction of Stock Market; Characteristic of Common Stock, Stock Trading Markets (Stock Exchange, Over the Counter, Private Transaction), Stock Exchanges (NYSE, Nepal Stock Exchange, BSE SENSEX), Types of Market Index (Price Weighted Index, Value Weighted Index, S & P Index, Equally Weighted Index, International Stock Market Index, Trading System of Nepal Stock Exchange, International Stock Market

Bond Market: Introduction to Bond, Types of Bond, Bond Market in Nepal, International Bond Market

Reference Books:

1. Johnson, H. J. *Financial Institutions and Markets: A Global Perspective*, Singapore McGraw Hill.
2. Kolb, Robert and Rodriguez Ricardo, J.; *Financial Institution & Markets*, Blackwell Publishers, Massachusetts.
3. Madura, Jeff: *Financial Market and Institutions*, West Publishing Corporation Sent Paul.
4. Mishkin, F.S. and Eakins, S.G.: *Financial Markets and Institutions*, Pearson Education Inc.
5. Shrestha, M. K. and Bhandari D. B. *Financial Markets and Institutions* Asmita Books Publications and Distribution, Kathmandu.