

MID-WESTERN UNIVERSITY, FACULTY OF MANAGEMENT
BACHELOR IN BUSINESS ADMINISTRATION (BBA), SYLLABUS 2072 (2016)

Course Title		Financial Institution and Market (FIM)
Course Code Number		MGT 387
Year: IV		Semester: VIII (Finance Specialization)
Credit Hours		03
Course Objectives:		
Main objective		This course aims to present an overview of the roles played by the various markets, institutions and financial authorities. This course is intended develop understanding about the role of financial institutions and markets in the changing business environment.
Enabling objectives		After the completion of all the learning units of the course, participants will be able to: <ul style="list-style-type: none"> • Describe how financial markets and institutions work • Understand the structure of interest rates • Understand the Security Market and how they are Governed • Determine exchange rate system, and the central bank intervention in the currency market
Learning Unit (LU)	Learning Hours (LH)	Contents
LU 1	LH 4	Roles of Financial Institution and Markets Concept of Financial Market, Functions and Classification of Financial Market, Historical Background of Financial Market, Financial Markets and Transformation of the Initial Endowment
LU 2	LH 4	Money, Price, Interest Rates and Exchange Rates Relationship among these Factors, Level and Structure of Interest Rates, Determinants of Interest Rates, Exchange Rates and Inflection
LU 3	LH 8	Financial Intermediation by Depository Institution Deposit and Loan, Factors affecting them: Competition, Asymmetric Information, Default Risk, Transaction cost, Adverse Selection, Moral Hazards and Credit Rationing. Agency Problem in Financial Institutions, Liquidity Risk, Interest and Exchange Rate Risk, Credit Risk and Operation Risk inherent in Financial Institutions, Management of Those Risks, Lessons Learnt from the National and International Experience
LU 4	LH 8	Banking Institutions Introduction, Functions and Objectives of Central Bank, Monetary Policy, Nepal Rastra Bank, Concept, Functions and Source of Fund of Commercial Banks, Management of Commercial Banks, Definition and Nature of Development Banks, Some Major International Institutions
LU 5	LH 8	Securities Market Securities Market and Function of Price Discovery, Liquidity, Transaction,

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		Cost Reduction, Structure and Regulation of Securities Market, Comparing Regulatory Structure of Nepalese Market with Other Development Market, World Wide Stock Market.
LU 6	LH 8	<p>Market for Government Securities</p> <p>Primary Market and Auction Procedures, Procedures in Nepalese Market Composed with Procedures of other Countries Especially India and US, Secondary Market and their Organizations, Secondary Market of Nepal compared with others Country Market Especially India and US.</p> <p>Dealing in Securities, Bid ask spread, Carry, Trading Project, Repurchase Agreement, Reverse Repose</p>
LU 7	LH 8	<p>Stability of the Financial System</p> <p>Bank Runs and Panics, Crashes in Stock Market: Their Causes and Consequences, Factors Affecting Stability, Fragmentation and Interference, Private and Government Managers in Improving Stability of Financial System, Clearing House Association, Regulation and Supervision, Lender of Last Resort, Trading Halts and Circuit Breaker, Deposit Insurance, Cost and Benefit of Such Measures.</p>
References		<ol style="list-style-type: none"> 1. Johnsonb, Hazel J. "Financial Institutions and Markets". A Global Perspective, Sigapore Mc Graw Hill. 2. Shrestha, M. K. and Bhandari D. B. "Financial Markets and Institutions" Asmita Books Publications and Distribution, Kathmandu

Net Contact Hour is 48 excluding the exams and tests.

Evaluation Module: 50 percent will be assessed through the internal evaluation and 50 percent will be assessed through end semester examination.