

### COURSE INFORMATION

Course title:	Banking and Capital Markets	Credits:	1.5
Course code:	BAFI 501	Class location:	HA 132
Session and term:	2022W2	Class times:	Tue/Thu 2-4pm
Sections:	001	Pre-requisites:	One of BAFI 550, BAFI 503
Course duration:	Mar 07 to Apr. 06, 2023		
Division:	Finance		
Program:	MBA		

### INSTRUCTOR INFORMATION

Instructor:	Iman Elmarashly
Email:	iman.elmarashly@sauder.ubc.ca
Office hours:	Tue / Thu 12 - 1pm, or email for appointment
Office:	HA 358
Virtual office link:	<a href="https://ubc.zoom.us/my/iman.elmarashly?pwd=ZVRUN3MwM1B0M0hJR1dCN1lvQWpLZz09">https://ubc.zoom.us/my/iman.elmarashly?pwd=ZVRUN3MwM1B0M0hJR1dCN1lvQWpLZz09</a>
Passcode:	2023

### COURSE DESCRIPTION

The course focuses on the roles and operation of major financial institutions, including banks, and the financial markets and systems in which they function, including those involved in the creation and use of fiat and digital forms of money including cryptocurrencies. Students will develop a working knowledge of the operations and structure of financial institutions (such as commercial and investment banks) which is necessary for those aiming to work at or with those institutions. The course provides a rigorous analysis of the evolution of money (fiat & cryptocurrencies), financial markets, payment systems and the associated financial institutions in the face of the current developments. Students will be able to critically evaluate the evolution of this key part of the financial sector in order to understand how it impacts all other sectors in the economy.

### COURSE FORMAT

Lectures will be held in person.

### LEARNING OBJECTIVES

Upon successful completion of this course, students should have the ability to:

1. Understand the roles of commercial banks, investment banks and related financial institutions in the economy.
2. Detect how banks operate and how they are regulated while identifying their systemic risks.
3. Analyze the role of central banks in regulating banks and conducting monetary policy.

4. Classify payment systems into wholesale payment systems (among financial institutions) and retail payment systems (between consumers & businesses) and identify different payment methods under multiple categories, elaborating on the increasing importance of technology (credit & debit cards, “Apple pay”, distributed ledger, etc.)
5. Understand the evolution of fiat money, including how it has developed to meet its functions and the role played by various financial institutions in this process.
6. Assess the evolution of cryptocurrencies (e.g., Bitcoin, Stablecoins, Ethereum, etc.) and how they work (coin mining, proof of work, staking, etc.).
7. Identify what functions of money different cryptocurrencies currently serve and are anticipated to serve, and analyze their key drivers of success/failure at a micro and macro level and their impact on financial systems, businesses, individuals and financial institutions.
8. Examine the roles of governments, banks and other financial institutions across the world in coping with and driving the evolution of the digital era.

## ASSESSMENTS

### Summary

<u>Component</u>	<u>Weight</u>
My Lab Assignments:	
Assignment 1	13%
Assignment 2	13%
Assignment 3	13%
Assignment 4	6%
Class Participation	15%
Final Group Presentation	<u>40%</u>
Total	<u>100%</u>

### Details of Assessments

**Pearson My Lab assignments** are on Pearson My Lab. The assignments must be submitted individually by each student by the deadline. The deadlines for those assignments are non-negotiable.

**Final Group presentation:** Presentations will be on different topics, and will be undertaken in groups. All team members need to participate. Peer evaluation will be undertaken, failure to provide a peer evaluation by the deadline will result in a penalty of 1% on your individual final grade. Suggestions for providing helpful and constructive feedback will be discussed in class. Note that Peer evaluation will be shared anonymously with your team members and individual grades on team assignments may be adjusted down if an individual has not provided adequate contributions to the group presentation.

**Class Participation** will be evaluated via engaging in class discussion / debates when requested, as well as answering i-clicker questions. Please follow the guidelines in the below link to use the i-clicker.

<https://lthub.ubc.ca/guides/iclicker-cloud-student-guide/>

## LEARNING MATERIALS

### *Required*

**Lecture notes** will be posted on Canvas. The lecture notes are the most important study materials.

**Pearson My Lab assignments** are essential for solving the graded assignments and understanding the course material.

**Additional readings or supplementary material** will be made available on Canvas.

### *Recommended*

**The Economics of Money, Banking, And Financial Markets (8<sup>th</sup> Canadian Edition) by Mishkin & Serletis (2022)** is recommended. The textbook + the access code is available at the bookstore or online for purchase. If you choose not to purchase the textbook, you still need to purchase “the access code” from the bookstore to access the graded assignments (at an estimated cost of \$56).

*Instructions to register for the Pearson My Lab assignment:*

1. Go to <https://mlm.pearson.com/enrollment/elmarashly95233>
  2. Sign in with your Pearson student account or create your account.
  3. Select any available access option, if asked.
    - » Enter a prepaid access code that came with your textbook or from the bookstore.
    - » Buy instant access using a credit card or PayPal.
  4. Select Go to my course.
  5. Select **BAFI 501- Banking & Capital Markets** from My Courses.
- If you contact Pearson Support, give them the course ID: elmarashly95233

*To sign in later:*

1. Go to <https://mlm.pearson.com>
2. Sign in with the same Pearson account you used before.
3. Select **BAFI 501- Banking & Capital Markets** from My Courses.

**The Future of Money: How the Digital Revolution Is Transforming Currencies and Finance** by Prasad (2021) is recommended. A digital copy is available in Canvas under “Library Online Course Reserves”

## COURSE-SPECIFIC POLICIES AND RESOURCES

### *Missed or late assignments, and regrading of assessments*

Late submissions will not be accepted and will receive a grade of zero.

### *Academic Concessions*

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](#). If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC’s policy on Academic Concession](#).

## POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

### *Attendance*

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a “W” or an “F” standing on the transcript.

### *COVID-19 Policies for Attendance & Academic Concessions:*

If a student feels unwell, they should stay home and send a courtesy email to each impacted instructor and cc their program manager. The student should also submit an [Academic Concession Request & Declaration Form](#).

If a student suspects possible COVID-19 infection, they should use the BC Ministry of Health’s [self-assessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended.

### *Punctuality*

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

### *Electronic Devices*

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School’s policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students’ use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

### *Citation Style*

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:

<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

## UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to

access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resources-support-student-success>.

### *Respect for Equity, Diversity, and Inclusion*

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Metis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

### *Academic Integrity*

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President's Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

### **COPYRIGHT**

All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor. Students may not share class Zoom links or invite others who are not registered to view sessions.

### **ACKNOWLEDGEMENT**

UBC's Point Grey Campus is located on the traditional, ancestral, and unceded territory of the x<sup>w</sup>məθk<sup>w</sup>əy̓əm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

COURSE SCHEDULE

Class	Date	Topic	Readings or Activities	Assessments due
1	Tue. 7-Mar	An Economic Analysis of Financial Structure	Topic 1 Lecture Notes – Chapter 8 (Mishkin)	
2	Thu. 9-Mar	Banking and the Management of Financial Institutions	Topic 2 Lecture Notes – Chapter 12 (Mishkin)	
3	Tue. 14-Mar	Banking and the Management of Financial Institutions	Topic 2 Lecture Notes – Chapter 12 (Mishkin)	
4	Thu. 16-Mar	Banking Industry: Structure & Competition	Topic 3 Lecture Notes – Chapters 10 & 11 (Mishkin)	
5	Tue. 21-Mar	Banking Industry: Structure & Competition Economic Analysis of Financial Regulations	Topics 3 & 4 Lecture Notes – Chapters 9,10 & 11 (Mishkin)	Assignment 1- Topics 1 & 2 – Due Mar 21 – 11:59pm
6	Thu. 23-Mar	Economic Analysis of Financial Regulation Money Supply Process	Topics 4 & 5 Lecture Notes - Chapters 9, 11 & 15 (Mishkin)	
7	Tue. 28-Mar	Tools & conduct of Monetary Policy	Topics 6 & 7 Lecture Notes - Chapters 16 & 17 (Mishkin)	Assignment 2- Topics 3 & 4 – Due Mar 28 – 11:59pm
8	Thu. 30-Mar	Evolution of Money - Fintech innovation (traditional Finance)	Topics 8 & 9 Lecture Notes - Chapters 3 (Mishkin & Prasad)	
9	Tue. 4-Apr	Cryptocurrencies; features & regulations	Topics 10 & 11 Lecture Notes - Chapters 4 & 5 (Prasad)	Assignment 3- Topics 5,6 &7–Due Apr 4– 11:59pm
10	Thu. 6-Apr	CBDCs (Central Banks Digital Currencies) Impact on international Monetary Policy	Topics 12,13 & 14 Lecture Notes - Chapters 6, 7, 8 & 9 (Prasad)	Assignment 4- Topic 8 – Due Apr 6 – 11:59pm
	TBD	Final Group Presentation		