

COURSE SPECIFICATION DOCUMENT

Academic School/Department: Richmond Business School

Programme: Economics
Finance and Investment
Accounting and Finance

FHEQ Level: 6

Course Title: The Financial System

Course Code: FNN 6107

Student Engagement Hours: 160

Lectures: Seminar/Tutorials/Lab: 45

Independent / Guided Learning: 100

Supervision: 15

Credits: 16 UK CATS credits
8 ECTS credits
4 US credits

Course Description:

This course focuses on the role of financial institutions both within individual countries and in the global economy as a whole. The functions and operations of banks, neobanks, fintech firms, institutional investors and other agencies are examined from a strategic viewpoint, along with those of the financial markets, and the role of central banks and regulators. Recent developments in technology, such as the introduction of digital currencies and payments systems are discussed. Some of the controversies about the effectiveness of regulatory and monetary policies are also considered.

Prerequisites:

ECN 4105 Introduction to Microeconomics *or* ECN 4110 Introduction to Macroeconomics

Aims and Objectives:

The principal objective is to enable students to understand the functions and operations of financial systems generally, with particular reference to those in the UK and US. Students should appreciate the similarities and differences between countries, and understand the role of financial systems in both individual countries and the global economy.

Programme Outcomes:

Economics: A3, A4, A5, B1, B3, B4, C1, C4, C5

Accounting and Finance: A1, A4, B1, B2, C1, D1, D3

Finance and Investment: A1, A2, B1, B2, B5, D1, D4, D5

A detailed list of the programme outcomes is found in the Programme Specification.

This is located at the archive maintained by the Registry and found at:

<https://www.richmond.ac.uk/programme-and-course-specifications/>

Learning Outcomes:

On successful completion of the course, students will be able to:

Knowledge and Understanding:

- Explain the functions and operations of financial instruments.
- Demonstrate an understanding of the functions and operations of different types of financial institutions.
- Demonstrate an understanding of the relationships between financial systems and the overall economy
- Develop an understanding of the role of central banks, their objectives and tools.
- Discuss regulatory issues in the financial system.
- Develop an understanding of monetary policy and its effects on the macroeconomy.

Cognitive Skills

- Apply economic principles to the determination of interest rates.
- Apply economic principles to the determination of exchange rates, in both spot and forward markets.
- Understand the relationships between interest rates, exchange rates and inflation rates, and apply these to quantitative data.

Practical and/or Professional Skills

- Determine cause-and-effect relationships in financial crises.
- Understand and explain the relationships between variables in the real economy and variables in the financial markets.

Key Skills

- Demonstrate effective oral and written communication skills in a range of media.
- Develop strong analytical skills through listening and reflecting.

Indicative Content:

- Introduction: the nature and functions of financial systems
- Overview of money and financial instruments
- Determination of interest rates, including the term structure of interest rates
- Money market instruments.
- Capital market instruments.
- Foreign exchange markets; spot and forward; hedging, speculation and arbitrage
- Depository institutions: banks and neobanks
- Capital market institutions: investment banks, pension funds, insurance companies
- Central banks: objectives, structure and operations
- Relationships between financial markets and the macroeconomy
- Regulation of financial systems
- Monetary policy: objectives and tools

Assessment:

This course conforms to the University Assessment Norms approved at Academic Board and located at: <https://www.richmond.ac.uk/university-policies/>

Teaching Methodology:

The course is taught using a variety of methods including lectures, question sessions, directed and undirected reading, case studies, group work, and discussions.

Indicative Text(s):

Cecchetti, S. and Schoenholtz, K. (2020) *Money, Banking, and Financial Markets*, 6th edition, New York: McGraw-Hill.

Panzarino, H. and Hatami, A. (2020) *Reinventing banking and finance*. London: Kogan Page.

Tanda, A. and Schena, C. (2019). *FinTech, BigTech and Banks*. Cham: Palgrave Macmillan.

Additional Reading

Madura, J. (2020) *Financial Markets and Institutions*, 13th edition, Cincinnati: South-Western.

Pilbeam, K., (2018). *Finance and Financial Markets*. London: Bloomsbury.

Journals

Journal of Finance

American Economic Review

Economic Journal

Web Sites

The Economist (www.economist.com)

The Financial Times (www.ft.com)

The Wall Street Journal (online.wsj.com)

Web Sites

See syllabus for complete reading list

Change Log for this CSD:

Nature of Change	Date Approved & Approval Body (School or AB)	Change Actioned by Registry Services
Various updates as part of the UG programme review	AB JAN 2022	
Revision – annual update	May 2023	