University of Wisconsin-Oshkosh  
College of Business  

Bus-435 Management of Financial Institutions  
Course Syllabus, Fall 2010

Professor: Dr. Robert A. Kunkel

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<thead>
<tr>
<th>Office Location: Clow Faculty 108</th>
<th>Program Assistant: Ms. Pat Stremer</th>
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<tbody>
<tr>
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<tr>
<th>Section</th>
<th>Hours</th>
<th>Days</th>
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<tr>
<td>001C</td>
<td>11:30 - 12:30</td>
<td>MWF</td>
<td>NE 206</td>
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Required Material:  


Financial/Business Calculator.

Course Prerequisites:  
Bus-205 and Bus-331 with a C or better in each course; Bus-333

Course Description:  
The application of the decision-making process of despository institutions such as commercial banks, thrifts, and credit unions in global financial markets. Key topics include analyzing bank performance, asset and liability management, managing interest rate risk, financial innovations, and the role of financial institutions in capital formation.

Students will be provided an opportunity to make decisions similar to those made by managers of commercial banks through the use of a computerized bank management simulation game, *The Stanford Bank Game*. 
Course Objectives: 1. Give the student a sense of the dynamic nature of financial markets and institutions as well as a sense of the real-world challenges faced by managers. Upon completion, the student should have a good understanding of the significant issues facing today’s managers.

2. Provide the student with a framework for analyzing the performance of financial institutions and alternative models to analyze publicly traded institutions.

3. Improve the student’s understanding of management concepts through application of theory and use of financial tools.

4. Help the student to identify and analyze problems, consider alternatives, and make decisions and recommendations to correct or improve the existing situation.

5. Provide the student with a framework for asset/liability management in financial institutions that transcends changes occurring in the financial markets.

6. Help the student learn to think independently, but at the same time to work cooperatively in team situations.

7. Help the student practice and improve communication skills, both oral and written.

8. Expose the student to international issues that affect financial institutions.

Assignments and Grades: Exams 1 and 2 ....................... 200 points 90.0 – 100% A 70.0 – 75.9% C
SBG Project ......................... 100 points 88.0 – 89.9% A- 68.0 – 69.9% C-
Assignments ....................... 0-120 points 86.0 – 87.9% B+ 66.0 – 67.9% D+
Participation ....................... 50 points 80.0 – 85.9% B 60.0 – 65.9 % D
78.0 – 79.9% B- 58.0 – 59.9% D-
76.0 – 77.9% C+ < 58% F

Depending on overall student performance, the professor may adjust the final grade scale by lowering the total points required for any letter grade.

Exams: The two exams will consist of short answers, problems, multiple choice problems, and/or multiple choice questions. The exams will be based on lectures, assigned readings, and assignments.

Bank Project: Students will participate in the Stanford Bank Game (SBG) which is commonly used at banking schools. The SBG is designed as a team decision-making process where students manage a bank. Students will be assigned to teams and each team will make an oral presentation during the last week of classes. Each student must participate in the oral presentation. Each team will also prepare a written report. See the lecture notes for a full description of the requirements of the bank project.
Assignments:  Homework and quizzes are given to help the student prepare for exams, master the course objectives, and understand the Stanford Bank Game. Homework and quizzes will be collected, but may or may not be graded. In some cases only parts of the assignment will be graded. Each graded homework and quiz is worth 10 points.

To give the student immediate feedback on his homework, the professor will generally go over the answers at the beginning of class. At this time, students can present their findings, ask questions, and self-correct the original copy of his homework.

**Students must turn in a photocopy of their homework or there will be a five-point deduction.** If the homework is completed on the computer, then no photocopy is required … simply print out two copies and turn in one.

In the business world, how you present your work is very important. Thus, assignments are graded not only on accuracy and support for answers, but also on appearance, attention to detail, and for being submitted on time. Appearance means there should not be any scratch out, and if so, then points will be deducted (use erasers and white-out).

**Assignments must be stapled in the upper left hand corner or there will be a five-point deduction.**

**Assignments must be received by the end of the grace period or there will be at least a five-point deduction.**

**Assignments received after answers have been presented in class may not be graded … this means assignments received under my door after class will likely not be graded.**

Expectations:  Students are expected, on average, to study 6 hours a week … this translates to 2 hours of out of-class work for every hour in class. However, some students may need to spend more than 6 hours a week. Students are expected to attend all classes and are responsible for knowing what occurs in class which may include assignments, announcement of exam dates, and syllabus revisions. Since the exams will contain material from class lectures and discussions, it is beneficial to attend class regularly.

Participation:  Students are also expected to participate in class discussion. Class participation points can be earned in a variety of ways. Students can:

- ask and answer questions in a value-added manner in class or online,
- report on current issues in class or online,
- share of resource knowledge (i.e., useful web sits and books),
- make suggestions to the professor for improving the course.
Guidelines for participation points:

47 points: Regular attendance with weekly online participation that adds significant value each week to the class.
   Online contributions must be made weekly.

43 points: Regular attendance with weekly online participation that adds at least marginal value each week to the class.
   Online contributions must be made weekly.

40 points: Regular attendance with bi-weekly online participation that does not add at least marginal value each week to the class.
   Online contributions must be made, on average, every other week.

37 points: Regular attendance with minimal participation.
   Online class contributions must be made in at least three different weeks.

34 points: Regular attendance with minimal participation.
   Online contributions are made in less than three different weeks.

0 - 31 points: Irregular attendance.

Regular attendance is defined as less than three unexcused absences.

Class Policies:

Students with Disabilities. Appropriate academic support is available for students with a documented disability. Notify the professor and/or contact the Office of Disability Services for further information.

Excused Absences. For students who miss class due to an excused absence, the professor will make some type of arrangement for missed assignments. Excused absences include:

- Absence due to an official University activity is an excused absence if the student notifies the professor and provides written documentation from an appropriate University representative prior to the absence.

- Absence due to illness is an excused absence if the student notifies the professor of the absence and provides documentation of the illness.

- Absence due to emergency. Evaluation of whether an absence due to an emergency is an excused absence will be made by the professor on a case by case basis. At a minimum, the student should notify the professor of the absence as soon as possible and should provide documentation of the emergency.
Exam Make-up Policy. A student that must miss an exam should talk to the professor in advance. If the student has an excused absence, he can make-up the exam and receive full credit. If the student does not have an excused absence, then he may or may not be allowed to make-up the exam. If the student is allowed to make-up the exam without an excused absence, then his make-up exam score will be reduced one letter grade. Additionally, all make-up exams must be taken before the last week of the semester.

Academic Integrity: Students are expected to comply with University rules and regulations on academic integrity and honesty. Violation of these rules and regulations will result in no credit for the assignment or exam in question and possibly additional disciplinary sanctions.

Things to Note:

1. I have an open door policy. This means that you may stop by my office at anytime to ask questions. If I am in my office and it is possible, I will meet with you immediately. If I am unable to meet with you immediately, we can set up an office appointment at the earliest possible time.

2. If you have some trouble with the class, please stop by my office immediately. If we address troubling issues immediately, we can work to make the material clearer. Whatever you do, please do not wait until the end of the semester to see me. There is little that we can do at such a late date.

3. Students (and former students) are encouraged to stop by my office to discuss the following: curriculum issues, internships, Finance Club, careers, and graduate school.

4. Hand held calculators may be used during exams, but they cannot be shared. Students are reminded that the principles of academic integrity apply to information stored in calculators. Thus, programmable calculators are allowed if all programs have been deleted.

5. All exams remain my property (i.e., you do not get to keep them). I will also keep a copy of each bank report for my files.

6. Punctual attendance at all meetings is expected. If you miss class, you should get the notes from another student.

7. If class is canceled for any reason, then the course assignments will be moved back one class period and the new course assignment schedule determined.
Tentative Course Topics*

Chapter 1:  The Changing Banking Environment
Chapter 2:  Analyzing Bank Performance
Chapter 5:  Managing Interest Rate Risk: GAP and Earnings Sensitivity
Chapter 6:  Managing Interest Rate Risk: Duration GAP and Market Value of Equity
Chapter 7:  Using Derivatives to Manage Interest Rate Risk

Exam 1 (Tentative date: October 22)

Chapter 8:  Funding the Bank and Managing Liquidity
Chapter 9:  The Effective Use of Capital
Chapter 3:  Managing Noninterest Income and Noninterest Expense
Chapter 13: Managing the Investment Portfolio
Chapter 10: Overview of Credit Policy and Loan Characteristics
Chapter 11: Evaluating Commercial Loan Requests
Chapter 12: Evaluating Consumer Loans
Chapter 14: Global Banking Activities

Final Exam (Tentative date: December 13)

* Course topics are tentative and may be changed by the professor. All changes will be announced in class. Exam dates will be announced in class with at least one week’s notice given.
## Tentative Course Assignments

### Week 1

**Lec 1**  
Introduction and chapter 1  
Read chapter 1

**Lec 2**  
Chapter 2  
Do’s and Don’t of Groups  
Read Chapter 2

### Week 2

**Lec 3**  
Chapter 2  
**Homework 1 due**  
SBG: fill out decision form for period 2.1

**Lec 4**  
Chapter 2  
Use SBG financial statements with Chapter 2  
**Quiz 1 on ratios … in class and open book**

**Lec 5**  
Chapter 2  
Have SBG teams formed

### Week 3

**Lec 6**  
Chapter 2  
SBG: teams, officers, strategy  
**Homework 2 due**

**Lec 7**  
Chapter 2  
**Quiz 2 on ratios … in class and open book**

**Lec 8**  
Open  
**Homework 3 due**

### Week 4

**Lec 9**  
Chapter 2  
**SBG: Decision 2.2 due (trial run)**

**Lec 10**  
Chapter 2  
**Homework 4 due**  
**Quiz 3 on ratios … in class and open book**

**Lec 11**  
Chapter 5  
Read Chapter 5

### Week 5

**Lec 12**  
Chapter 5  
**SBG: Decision 2.2 due**

**Lec 13**  
Chapter 5  
**Homework 5 due**  
**Quiz 4 on ratios … in class and open book**

**Lec 14**  
Chapter 6  
**SBG: 2 charts due from each team member**  
Read Chapter 6
Week 6

Lec 15  Chapter 6
SBG: Decision 2.3 due

Lec 16  Chapter 6
Quiz 5 on ratios … in class and open book

Lec 17  Chapter 6
Homework 6 due

Week 7

Lec 18  Chapter 6
SBG: Decision 2.4 due
SBG: Mid-term team evaluations due (with limited resources)
SBG: Two pages of table formats due from each team

Lec 19  Chapter 7
Read Chapter 7

Lec 20  Exam 1 (100 points)

Week 8

Lec 21  Chapter 8
Read Chapter 8
SBG: Decision 3.1 due

Lec 22  Chapter 8

Lec 23  Chapter 8
Homework 7 due

Week 9

Lec 24  Chapter 9
Read Chapter 9
SBG: Decision 3.2 due

Lec 25  Chapter 9
Homework 8 due

Lec 26  Chapter 3
Read Chapter 3

Week 10

Lec 27  Chapter 3
SBG: Decision 3.3 due

Lec 28  Chapter 13
Read Chapter 13
Homework 9 due

Lec 29  Chapter 13
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<th>Week 11</th>
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<tr>
<td>Lec 30</td>
<td>Chapter 10</td>
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<tr>
<td></td>
<td>Read Chapter 10</td>
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<tr>
<td>Lec 31</td>
<td>Chapter 10</td>
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<td><strong>SBG: Decision 3.4 due</strong></td>
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<tr>
<td>Lec 32</td>
<td>Chapter 10</td>
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<td><strong>Homework 10</strong></td>
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<td>Lec 33</td>
<td>Chapter 10</td>
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<td>Thanksgiving Break</td>
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<td>Lec 34</td>
<td>Chapter 11</td>
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<td>Read Chapter 11</td>
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<tr>
<td>Lec 35</td>
<td>Chapter 12</td>
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<td><strong>SBG: Decision 3.4 (Redo with goal is to drop stock price... not included in report)</strong></td>
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<td>SBG team time</td>
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<td><strong>Homework 11 due</strong></td>
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<td>Lec 36</td>
<td>Guest Speaker</td>
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<td>Lec 37</td>
<td>Chapter 14</td>
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<td>Read Chapter 14</td>
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<tr>
<td>Lec 38</td>
<td><strong>SBG: written reports due</strong></td>
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<td>Discuss projects</td>
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<td>Presentation Tips</td>
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<tr>
<td>Lec 39</td>
<td>Chapter 14</td>
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<td>Discuss projects</td>
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<td>Lec 40</td>
<td><strong>Exam 2 (100 points)</strong></td>
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<td>Lec 41</td>
<td><strong>Presentations</strong></td>
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<tr>
<td>Lec 42</td>
<td><strong>Presentations</strong></td>
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