

**City University of Hong Kong  
Course Syllabus**

**offered by Department of Economics and Finance  
with effect from Semester A 2022/23**

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**Part I Course Overview**

**Course Title:** Financial Systems, Markets and Instruments

**Course Code:** EF5342

**Course Duration:** 1 semester

**Credit Units:** 3

**Level:** P5

**Medium of Instruction:** English

**Medium of Assessment:** English

**Prerequisites:**  
*(Course Code and Title)* Nil

**Precursors:**  
*(Course Code and Title)* Nil

**Equivalent Courses:**  
*(Course Code and Title)* EF5364 Commercial Banking and Financial Systems

**Exclusive Courses:**  
*(Course Code and Title)* Nil

## Part II Course Details

### 1. Abstract

This course aims to develop students' ability to analyze the structure, operations and functions of financial markets and institutions in Hong Kong and other leading financial centres.

Students will work on current issues and consolidate what they learn in the classroom. The short essay, based on current issues, will put students' discovery ability to the test. They will make use of the information they obtain from the case study to analyse current issues.

### 2. Course Intended Learning Outcomes (CILOs)

(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

| No. | CILOs   | Weighting<br>(if applicable) | Discovery-enriched curriculum related learning outcomes (please tick where appropriate) |    |    |
|-----|---|------------------------------|---|----|----|
|     |   |                              | A1  | A2 | A3 |
| 1.  | Provide economic rationales for the existence of financial markets and institutions and analyze the key functions of the various financial markets and institutions;  | 20%                          | √   | √  |    |
| 2.  | Analyze the determinants of level of interest rates; contrast the various theories of the term structure of interest rates; discuss the tools, goals and targets of monetary policy conducted by central banks; | 30%                          | √   | √  | √  |
| 3.  | Price the basic financial instruments in the various financial markets and evaluate the principal risks associated with them;   | 30%                          | √   | √  | √  |
| 4.  | Discuss and debate the recent global trends in various financial markets.   | 20%                          |   | √  | √  |
|     |   | 100%                         |   |    |    |

A1: Attitude

*Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.*

A2: Ability

*Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to self-life problems.*

A3: Accomplishments

*Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.*

**3. Teaching and Learning Activities (TLAs)**  
*(TLAs designed to facilitate students' achievement of the CILOs.)*

| TLA                    | Brief Description  | CILO No. |   |   |   | Hours/week<br>(if applicable) |
|------------------------|--|----------|---|---|---|-------------------------------|
|                        |  | 1        | 2 | 3 | 4 |                               |
| Lecture                | Lectures, in-class group discussions of various financial articles published in leading journals and newspapers.   | √        | √ | √ | √ | -                             |
| Individual assignments | Essential practice questions from the textbook are selected by the lecturer to provide students with an understanding of the concepts and theories of specific topics.   | √        | √ | √ | √ | -                             |
| Group project          | Students are expected to grasp the meaning of information by interpreting and translating what they learn. Students will find out more about issues such as the relationship between interest rates/exchange rate and the Hong Kong economy, and the stock and property markets, by analyzing the datasets and market settings. Students are also encouraged to retrieve data from database such as Bloomberg and other online resources. High marks will be given to those who show team effort, creative thinking and reasonable analysis. |          |   | √ | √ | -                             |
| Midterm test           | The mid-term test contains multiple-choice question and short essay questions. The short essays, based on current issues, will reveal students' ability to discover and make use of the case study to carry out an analysis of the current issues.   | √        | √ | √ |   | -                             |

**4. Assessment Tasks/Activities (ATs)**

*(ATs are designed to assess how well the students achieve the CILOs.)*

| Assessment Tasks/Activities   | CILO No. |   |   |   | Weighting | Remarks |
|---|----------|---|---|---|-----------|---------|
|   | 1        | 2 | 3 | 4 |           |         |
| Continuous Assessment: <u>50</u> %                                      |          |   |   |   |           |         |
| Course work (such as Individual assignments/group project/midterm test) | √        | √ | √ | √ | 50%       |         |
| Examination: <u>50</u> % (duration: 2 hours, if applicable)             |          |   |   |   |           |         |
| Final Examination   | √        | √ | √ | √ | 50 %      |         |
|   |          |   |   |   | 100%      |         |

## 5. Assessment Rubrics

*(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)*

Applicable to students admitted in Semester A 2022/23 and thereafter

| Assessment Task   | Criterion | Excellent<br>(A+, A, A-)   | Good<br>(B+, B)   | Marginal<br>(B-, C+, C)   | Failure<br>(F)   |
|---|-----------|--|---|---|--|
| Course work (such as Individual assignments/group project/midterm test) |           | Demonstrate very strong knowledge in the subject, and a superior grasp of the critical issue and techniques. | Demonstrate good knowledge in the subject, and a good grasp of the critical issue and techniques. | Demonstrate limited knowledge in the subject, and some idea of the critical issue and techniques. | Demonstrate very little knowledge in the subject, and no awareness of the critical issue and techniques. |
| Final Examination   |           | Demonstrate very strong knowledge in the subject, and a superior grasp of the critical issue and techniques. | Demonstrate good knowledge in the subject, and a good grasp of the critical issue and techniques. | Demonstrate limited knowledge in the subject, and some idea of the critical issue and techniques. | Demonstrate very little knowledge in the subject, and no awareness of the critical issue and techniques. |

Applicable to students admitted before Semester A 2022/23

| Assessment Task   | Criterion | Excellent<br>(A+, A, A-)   | Good<br>(B+, B, B-)   | Fair<br>(C+, C, C-)   | Marginal<br>(D)   | Failure<br>(F)   |
|---|-----------|--|---|---|---|--|
| Course work (such as Individual assignments/group project/midterm test) |           | Demonstrate very strong knowledge in the subject, and a superior grasp of the critical issue and techniques. | Demonstrate good knowledge in the subject, and a good grasp of the critical issue and techniques. | Demonstrate adequate knowledge in the subject, and adequate grasp of the critical issue and techniques. | Demonstrate limited knowledge in the subject, and some idea of the critical issue and techniques. | Demonstrate very little knowledge in the subject, and no awareness of the critical issue and techniques. |
| Final Examination   |           | Demonstrate very strong knowledge in the subject, and a superior grasp of the critical issue and techniques. | Demonstrate good knowledge in the subject, and a good grasp of the critical issue and techniques. | Demonstrate adequate knowledge in the subject, and adequate grasp of the critical issue and techniques. | Demonstrate limited knowledge in the subject, and some idea of the critical issue and techniques. | Demonstrate very little knowledge in the subject, and no awareness of the critical issue and techniques. |

### Part III Other Information (more details can be provided separately in the teaching plan)

#### 1. Keyword Syllabus

*(An indication of the key topics of the course.)*

Financial intermediation.

Financial institutions and markets.

Money markets and capital markets.

Primary and secondary markets.

Prices, yields and risk analysis.

Commercial banks, investment banks, central banks.

Security firms, venture capitalists, insurance companies.

Transaction costs, risk sharing and asymmetric information.

Open market operation, discount rate and reserve requirements.

Clearing and settlement.

Asset securitization.

#### 2. Reading List

##### 2.1 Compulsory Readings

*(Compulsory readings can include books, book chapters, or journal/magazine articles. There are also collections of e-books, e-journals available from the CityU Library.)*

##### Textbook

|    |  |
|----|--|
| 1. | Mishkin, F.S. and S.G. Eakins, Financial Markets and Institutions, current edition, Pearson, Addison-Wesley. |
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##### 2.2 Additional Readings

*(Additional references for students to learn to expand their knowledge about the subject.)*

|    |   |
|----|---|
| 1. | Y.K. Ho, R.H. Scott and K.A. Wong (eds), The Hong Kong Financial System, current edition, Oxford University Press.  |
| 2. | Santomero, A.M. and D.F. Babbel, Financial Markets, Instruments and Institutions, current edition, McGraw Hill.   |
| 3. | Saunders and M.M. Cornett, Financial Markets and Institutions, current edition, McGraw-Hill.  |
| 4. | Articles published by central banks, such as Federal Reserves, Bank of England, Bank of Japan, Hong Kong Monetary Authority, Singapore Monetary Authority, People Bank of China and others.             |
| 5. | Articles published by international financial institutions, such as World Bank, International Monetary Funds, Asian Development Bank, OECD, Bank for International Settlements and others.              |
| 6. | Articles published by relevant financial organizations in HKSAR, such as Securities and Futures Commission, Hong Kong Exchange and Clearing, HKSAR Office of the Commissioner of Insurance, and others. |

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|-----|---|
| 7.  | Lecture notes, newspaper clippings and articles                       |
| 8.  | <a href="http://www.adb.org">http://www.adb.org</a>                   |
| 9.  | <a href="http://www.worldbank.org">http://www.worldbank.org</a>       |
| 10. | <a href="http://www.imf.org">http://www.imf.org</a>                   |
| 11. | <a href="http://www.info.gov.hk/hkma">http://www.info.gov.hk/hkma</a> |
| 12. | <a href="http://www.sehk.com.hk">http://www.sehk.com.hk</a>           |