

TRIBHUVAN UNIVERSITY SCHOOL OF MANAGEMENT
MBA-Finance (Semester I)
Course Outline & Session Plan

Course	: MBAF 509- Global Financial Markets
Credit	: 2 (32 contact hours)
Session	: Summer 2023
Facilitator	: Asst. Prof. Dr.Dipendra Karki (dipendra.karki@ncc.tu.edu.np)

Course Overview

MBAF 509 is a two-credit finance course that aims at preparing students with a good theoretical foundation of global financial markets and their implications in real-life situations. This course is designed to equip students with a thorough understanding of the key concepts, theories, and practices involved in global financial management. Throughout the course, students will learn about national and international financial markets, the role of governments in financial markets, credit rating agencies and their role in financial markets, investment banking firms, financial assets and risk management, primary and secondary markets, global funding markets, financing markets for SMEs

This course is designed to provide students with a comprehensive understanding of global financial management, with a focus on the fundamental concepts, theories, and practices involved in managing financial resources in a global context. By the end of the course, students should be able to apply their knowledge and skills to analyze and evaluate various financial decisions and strategies in a global setting. The course will be assessed through a variety of assignments, quizzes, exams, and a final project.

The class discussions will not only deal with the concepts and principles of global financial management but they will also focus attention on their application in real-life situations. It will also deal with the problems that arise in making decisions through the selected exercises, project works, and cases. The course is also designed to equip the students with the tools and techniques of financial management.

Course Objectives

The course aims at equipping students with in-depth knowledge and skills in global financial management.

- Understand the key concepts and theories of global financial management
- Analyze the functions and roles of financial institutions in global business decisions
- Evaluate the regulatory environment that governs financial markets
- Examine the challenges and opportunities associated with investment banking firms
- Develop skills in managing global investment decisions
- Understand the complexities of global funding markets

Course Description

This course aims to provide an understanding of the global financial markets and institutions. The course covers a range of topics, including the national and international financial markets, the role of regulatory authorities, credit rating agencies and investment banking firms, financial assets and risk management, primary and secondary markets, global funding markets, and Financing markets for SMEs. The course emphasizes the importance of understanding the global financial system in today's interconnected world.

Nature of the Course

This is an introductory course in global financial management. Accordingly, the key focus of this course is to provide students with the basic concepts, principles, analytical skills, techniques, and practices for financing and investing in international financial markets.

This course is an applications-oriented course. Lectures are based on the material in the text, and other material if assigned, and will be related to current events as much as possible where appropriate. Throughout the semester we will relate the textbook material to real problems in global financial markets in an effort to understand and evaluate current practices in the industry.

Delivery of the course

The primary method of instruction in this course will be interactive lectures. The approach of faculty during the session will be as a facilitator of the course. Necessary conceptual and methodological inputs will be covered using active learning methods, e.g., group discussion, seminars, and case studies.

Students will be expected to actively participate in classroom discussions, and read and solve problems outside of class. It is expected that you come to class prepared – that is, you have read the assigned chapter(s) before class. The sessions will be interactive and facilitated by the instructor to discuss in depth of the subject being dealt with. There will be lectures by the instructor, case analysis, and presentations by students, feedback on presentations and assignments will be provided to students on their progress.

I will always try to briefly mention the materials to be covered in the next class. If a student wants to read ahead, which is a very good idea, the outline shows the topics that we cover throughout the session. In my view, the most important goal of this class is to cover the most important material thoroughly, and we will pace our class to achieve this goal. Please remember that materials covered in this class are cumulative, i.e., material covered in earlier parts of the class will be used as the basis of our studies later. Thus, please strive not to get behind. In order to enable students to base their learning upon real-world occurrences, a comprehensive project assignment is incorporated into the internal assessment towards the end of the session. The project assignment will serve as both a learning vehicle for students and demonstrable output of the course. Students should prepare reports of their project work and make presentations.

Case Analysis and Article Presentation

The student is expected to read the cases and articles assigned by the Faculty thoroughly and address the issues. A report on the case analysis and article presentation should be submitted to the Faculty before the presentation. The case analysis and presentation can be completed in groups of students. Each student should actively participate in analysis and presentation failing which marks would be deducted. The end-term exam will consist of a case analysis for which students should prepare themselves accordingly.

Time Demand

Students are advised to be regular and punctual in class. Students should attend the class and homework must be completed regularly to succeed in this course. They must ensure the required attendance to be eligible for appearing in the University's Term-End Examination. Students arriving at the class late (over 10 minutes) are considered as absent. Students failing to attend 80 % of classes shall not be allowed to appear in the semester-end examinations.

Many students underestimate the amount of time and effort required to learn. I strongly believe that attendance has a large benefit for students who attend class regularly. My experience has indicated that the more successful students attend class regularly. The material presented in class and the input of other students can only help you grasp the material covered in this class.

Examinations and Grading

1. Examinations

- a) Examinations will cover the assigned reading materials, lectures, and topics discussed in class. Exam questions will take a variety of forms including, but not limited to, essay questions, short answer questions, objective questions, and problem-solving opportunities.
- b) Two examinations will be given in this course: a midterm/pre-board exam and a comprehensive end-term exam at the regularly scheduled exam date.
- c) A group project will be required where each student will be a member of a group and will be expected to do his/her share of the work.

Evaluation Criteria

The student's academic progress will be evaluated on a continuous basis throughout the semester, with respect to the following components.

Test Activities	Weight	Marks
Attendance	5%	5
<i>Classroom activities:</i> Quizzes & Class tests (Individual) Home Assignment (Individual) Class participation & Presentation (groups)	10%	10
Project work/Assignment	15%	15
Mid-term/pre-board Exam	20%	20
Sub-total	50%	50
End-term Exam	50%	50
TOTAL	100%	100

In internal evaluation, the minimum pass mark is 60%

Semester-end Examinations

The semester-end examination shall have a total weight of 50 percent. The semester-end examination shall be based on problem-solving questions, analytical questions, and case studies or any other formats as demanded by a course. The duration of the examination shall be 3 hours for this 2-credit course.

External examinations shall be conducted as presented in the following table:

External Evaluation: 50 Marks			
Evaluation Components	Number of Questions and Choice	Weight in %	Marks
Case Analysis, Situation Analysis, Extended Problem Analysis as suitable to the course.	Compulsory Questions (Q.N. 1)	30	15
Long- Questions, Problem-Solving, Critical Analysis Oriented questions	Analytical Questions with one choice. (Three questions of 10 marks each to be solved by students)	30	15
Concept-Oriented Short Answer Questions	Ten Short Answer Questions with Two Choice Questions (Eight Questions of 5 marks to be solved by students)	40	20
	Total Marks	100	50

The pass mark for individual papers is 50% (grade point 2.7 or B-). However, to pass the semester must secure CGPA 'B' (60%) in total.

Grading

Marks and corresponding grading rules for evaluation shall be as follows:

Marks Range	90 & above	80 – 89.9	70 – 79.9	60 – 69.9	50 – 59.9	Below 50
Grade	A	A-	B+	B	B-	F
Grade Point (GPA)	4	3.7	3.3	3	2.7	< 2.7
CGPA	4	3.70 – 3.99	3.30 – 3.69	3.00 – 3.29	2.70 – 2.99	< 2.7
Remarks	Distinction	Very good	Good	Fair	Pass (in Individual Course)	Fail

Note: Students securing less than 50% are marked as failed. The passing grade in the semester-end examination for an individual paper shall be a grade of "B minus" or a GPA of 2.7. In order to pass the semester examination the student must secure a minimum of Grade "B" or Cumulative Grade Point Average (CGPA) of 3.0 (60 percent).

Session Plan and list of Activities:

Each session will consist of one and a half hours net. The session plan of the course is as follows:

Session	Learning Units & description	Supplementary activities*
<u>Session 1-2</u> (3LHS)	Unit 1: Introduction <ul style="list-style-type: none"> Financial assets, Financial markets Globalization of financial markets Financial markets and real economy Regulation of financial markets Global financial crisis and ethical issues Global features of Nepal's financial markets 	Faculty Presentation and discussions Topic Presentation by students, discussions, and feedback from the faculty – G1 Quiz/test -1
<u>Session 3-4</u> (3LHS)	Unit 2: Role of Governments in Financial Markets <ul style="list-style-type: none"> Macroprudential versus microprudential government policies Regulation of financial markets Role of central bank in financial markets Government bailouts Role of World Bank, IMF, Asian Infrastructure Investment Bank and financial stability board. 	G2: Presentation on article 1 “Adu-Gyamji, M. (2016). The bankruptcy of Lehman Brothers: Causes, effects, and lessons learnt. The largest bankruptcy in history”. -Discussions and feedback from the faculty Quiz/test -2 Assignment - I
<u>Session 5-6</u> (3LHS)	Unit 3: Credit Rating Agencies and Their Role in Financial Markets <ul style="list-style-type: none"> The role of CRAs in the financial system US and European regulation of CRAs Credit rating systems Rating transition matrix Credit rating mechanism in Nepal's securities markets Concerns regarding CRAs. 	G3: Presentation on article 2 “White, L. J. (2013). Credit Rating Agencies: An Overview”. Quiz/test -3
<u>Session 7-10</u> (5LHS)	Unit 4: Investment Banking Firms <ul style="list-style-type: none"> Investment banking industry Public offerings of securities Private placement of securities Securitization of assets Mergers and acquisitions Merchant banking, advising on financial restructuring Trading of securities, Prime brokerage Trading and creation of derivative instruments Asset management Investment banking practice in Nepal 	G4: Case analysis1: “Nike’s financial performance” Quiz/test -4
<u>Session 11-14</u> (6LHS)	Unit 5: Financial Assets and Risk Management <ul style="list-style-type: none"> Properties of financial assets Principles of pricing financial assets Defining risk; Financial risk, Investment risk, Funding risk, Systemic financial risk Financial innovation Foreign exchange 	G5: Case analysis2: “Himalayan Java Coffee” Quiz/test-5 Assignment- II
<u>Session 15-18</u> (5LHS)	Unit 6: Primary and Secondary Markets <ul style="list-style-type: none"> Regulation of primary and secondary markets variation in underwriting securities Architectural structure of secondary markets Role of brokers and dealers in real markets Electronic trading Introduction of foreign exchange markets World capital market integration and fundraising implications. 	G6: Presentation on article 3 “Bittlingmayer, G. (1998). Output, Stock Volatility, and Political Uncertainty”. Projects shall be discussed and assigned Quiz/test-6
		Mid-Term Examination

<u>Session 19-23</u> (5LHS)	Unit 7: Global Funding Markets <ul style="list-style-type: none"> • Sovereign debt markets: Primary and secondary • US equity trading market structures and venues • Asian corporate bond markets • South Asian equity markets. 	G7: Presentation on article4 “Fama, E. F. and French, K.R. (1992). The Cross-Section of Expected Stock Return”. Quiz/test-7
<u>Session 24-25</u> (2LHS)	Unit 8: Financing Markets for Small, Medium-Sized, and Entrepreneurial Enterprises <ul style="list-style-type: none"> • Defining small and medium-sized enterprises • Government programs and initiatives • Stages of development and financing for a business venture • Sources for seed stage financing: Crowdfunding • Expansion financing • Equity dilutive securities used for new ventures. 	G1: Case analysis3: “Tesla’s financing strategy” Quiz/test -1
Pre-Board Examination		
End-Term Examination and Project Presentation		

Note: Students are required to come prepared for every session as stated above. In addition, Faculty may introduce new and relevant cases/ topics/articles and students shall be assigned to go through them, analyze and make the presentation. The faculty may also conduct some quizzes and class tests without prior information.

List of Text and Reference Books:

Text Book:

Fabozzi, F. J., & Jones, F. J. (2019). *Foundations of Global Financial Markets and Institutions*. Massachusetts, USA: MIT Press.

References:

Valdez, S., & Molyneux, P. (2015). *An Introduction to Global Financial Markets*. Macmillan International Higher Education.

Hill, C. W. L. (2016). *Global business today 8th Eds*. New Delhi: Tata McGraw-Hill Education.

Thomas, M. (2019). *The Financial Times Guide to Social Media Strategy*. New Delhi: Pearson India.

Caprio, G., Arner, D. W., Beck, T., Calomiris, C. W., Neal, L., & Veron, N. (Eds.) (2012). *Handbook of Key Global Financial Markets, Institutions, and Infrastructure*. USA: Academic Press.

Financial Times: <https://www.ft.com/>

The Wall Street Journal: <https://www.wsj.com/>

Research Article Presentation	<u>Synopsis</u> For the purpose of the presentation, each student should prepare and distribute a brief (1-2 page) outline or synopsis of the Reading he/she is presenting to the other class members and the Faculty before the presentation begins, failing which marks would be deducted. The synopsis should begin with the course title, name of the student presenting the article, and full description of the articles (author/s, title of the article, name of the journal, volume and number, year/ month of publication, and pages). The synopsis, among others, should consist of such things as the purpose of the study, hypotheses, study methodology, models and variables used, analysis of data, major findings, and conclusions/implications.
Case Analysis	<u>Synopsis</u> 1. Case synopsis 2. Facts of case 3. Issues of case 4. Theory-based analysis 5. Recommendation