

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Business Administration)**

**FINANCIAL MARKETS AND INSTITUTIONS (8525)
(For MBA (2½) Years Program)**

CHECK LIST

SEMESTER: AUTUMN, 2013

This packet comprises following material:

1. Text Book (One)
2. Course Outline
3. Assignment No. 1, 2
4. Assignment Forms (2 sets)

In this packet, if you find anything missing out of the above-mentioned material, please contact at the address given below:

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ALLAMA IQBAL OPEN UNIVERSITY ISLAMABAD
(Department of Business Administration)

WARNING

- 1. PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
- 2. SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

ASSIGNMENT No. 1

(Units: 1–4)

Course: **Financial Markets and Institutions**

Semester: **Autumn, 2013**

Level: **MBA (2½) Years**

Total Marks: **100**

Note: All questions carry equal marks. Attempt all the questions to be supported by examples with reference to Pakistan. Study the guidelines before attempting the questions.

- Q. 1 Explain the concept of global financial markets. Discuss and analyze the global expansion of financial markets and their impact on the economy of developing countries like Pakistan.
- Q. 2 Explain monetary policy and its significance in financial markets. Critically discuss the institutional use of monetary policy in detail. How monetary policy could be more beneficial for financial markets in your view? Discuss with arguments.
- Q. 3 Explain the concept of international bond and its significance in financial markets. Discuss the trading mechanism of international bond in detail. Critically discuss the benefits of international bond for the investors of developing countries like Pakistan.
- Q. 4 Explain mortgage and its significance in the financial markets. Critically discuss the globalization of mortgage markets and its impact on the economy of developing countries like Pakistan.
- Q. 5 Explain the concept of residential mortgage and its importance for individual and economy. Critically discuss the Characteristics of residential mortgage and associated problems in detail.

GUIDELINES FOR ASSIGNMENT No. 1

You should look upon the assignments as a test of knowledge, management skills, and communication skills. When you write an assignment answer, you are indicating your knowledge to the teacher:

- Your level of understanding of the subject;

- How clearly you think;
- How well you can reflect on your knowledge & experience;
- How well you can use your knowledge in solving problems, explaining situations, and describing organizations and management;
- How professional you are, and how much care and attention you give to what you do.

To answer a question effectively, address the question directly, bring important related issues into the discussion, refer to sources, and indicate how principles from the course materials apply. The student must also be able to identify important problems and implications arising from the answer.

For citing references, writing bibliographies, and formatting the assignment, APA format should be followed.

ASSIGNMENT No. 2

(Units: 1–9)

Total Marks: 100

This assignment is a research-oriented activity. You are required to obtain information from a banking/financial organization and prepare a report of about 1000 words on the issue allotted to you to be submitted to your teacher for evaluation. Discuss your topic by giving examples of organizations and markets etc. in Pakistan.

You are required to select one of the following issues according to the last digit of your roll number. For example, if your roll number is P-3427182 then you will select issue No.2 (the last digit). All the issues carry equal marks.

List of Issues:

0. Select any financial institution and study the various tools use for bond market efficiency
1. Study the mortgage credit system and analyze the subsequent mortgage crises
2. Study the valuation mechanism of foreign stock and related issues. Write suggestions for the solution of those issues
3. Study various bond investment strategies and associated risks. Write suggestions for avoiding such risks
4. Study mechanism of credit default swap in financial markets regarding the minimization of risks
5. Select a saving institution and critically study its role in financial markets
6. Select a financial institution and study various factors affecting mutual funds business
7. Select an insurance company and study its insurance packages critically. Also study their strategies used for handling expected risks
8. Select a financial institution and study the management and performance of their pension funds. Also study their strategies used for handling expected risks
9. Study a stock exchange market and analyze their transactions process. Also study the various factor affecting the stock market transactions.

The report should follow the following format

1. Title page
2. Acknowledgements
3. An abstract (one page summary of the paper)
4. Table of contents
5. Introduction to the issue (brief history & significance of issue assigned)
6. Practical study of the organization (with respect to the issue)
7. Data collection methods
8. SWOT analysis (strengths, weaknesses, opportunities & threats) relevant to the issue assigned
9. Conclusion (one page brief covering important aspects of your report)
10. Recommendations (specific recommendations relevant to issue assigned)
11. References (as per APA format)
12. Annexes (if any)

GUIDELINES FOR ASSIGNMENT No. 2

- 1.5 line spacing
- Use headers and subheads throughout all sections
- Organization of ideas
- Writing skills (spelling, grammar, punctuation)
- Professionalism (readability and general appearance)
- Do more than repeat the text
- Express a point of view and defend it.

WORKSHOPS

The workshop presentations provide you opportunity to express your communication skills, knowledge & understanding of concepts learned during practical study assigned in assignment No. 2.

You should use transparencies and any other material for effective presentation. The transparencies are not the presentation, but only a tool; the presentation is the combination of the transparencies and your speech. Workshop presentation transparencies should only be in typed format.

The transparencies should follow the following format

- 1) Title page
- 2) An abstract (one page summary of the paper)
- 3) Introduction to the issue (brief history & significance of issue assigned)
- 4) Practical study of the organization (with respect to the issue)
- 5) Data collection methods
- 6) SWOT analysis of selected organization
- 7) Conclusion (one page brief covering important aspects of your report)
- 8) Recommendations (specific recommendations relevant to issue assigned)

GUIDELINES FOR WORKSHOP PRESENTATION

- Make eye contact and react to the audience. Don't read from the transparencies or from report, and don't look too much at the transparencies (occasional glances are acceptable to help in recalling the topic to cover).

- A 15-minute presentation can be practiced several times in advance, so does that until you are confident enough. Some people also use a mirror when rehearsing as a substitute for an audience.

WEIGHTAGE OF THEORY & PRACTICAL ASPECTS IN ASSIGNMENT No. 2 AND WORKSHOP PRESENTATIONS

Assignment No. 2 & workshop presentations are evaluated on the basis of theory & its applicability. The weightage of each aspect would be:

Theory:	60%
Applicability (practical study of the organization):	40%

Course: **Financial Markets and Intuitions**
Level: **MBA (2½) Years**

Course Code: **8525**
Credit hours: **03**

Unit–1 Overview of Financial Markets and Institutions

- 1.1. Role of Financial Markets and Financial Institutions
- 1.2. Securities Traded at Financial Markets: Types and Their Valuation
- 1.3. Global Financial Markets
- 1.4. Global Expansion by Financial Markets

Unit–2 Monetary Policy and Money Markets

- 2.1. Monetary Policy: Mechanics and Trade Off
- 2.2. Institutional Use of Money Market
- 2.3. Valuation of Money Market Securities and Risk Involved
- 2.4. Interaction among Money Markets Yields
- 2.5. Globalization of Money Markets

Unit–3 Bond Markets

- 3.1. Bond: Concept and Types
- 3.2. Institutional Use of Bond Market
- 3.3. Globalization of Bond Market
- 3.4. Bond Market Efficiency
- 3.5. Returns and Risk of International Bonds
- 3.6. Bond Investment Strategies

Unit–4 Mortgage Markets

- 4.1. Mortgage: Concept and Valuation
- 4.2. Risk Involved in Mortgages
- 4.3. Residential Mortgage Characteristics
- 4.4. Institutional Use of Mortgage Market
- 4.5. Mortgage Credit Crises and Its Impact
- 4.6. Globalization of Mortgage Market

Unit-5 Equity Markets

- 5.1. Stock Offering and Monitoring Publicly Trading Companies
- 5.2. Stock Valuation Methods and Stock Risks
- 5.3. Foreign Stock Valuation
- 5.4. Execution of Stock Market Transactions
- 5.5. Globalization of Stock Markets

Unit-6 Swap and Foreign Exchange Derivative Markets

- 6.1. Foreign Exchange Markets: Concept and Significance
- 6.2. Factors Affecting Foreign Exchange Rate
- 6.3. Background of Swap Markets
- 6.4. Credit Default Swap
- 6.5. Rates, Derivatives and International Arbitrage

Unit-7 Thrift and Financial Operations

- 7.1. Saving Institutions: An Overview
- 7.2. Exposure to Risk and Crises
- 7.3. Sources and Uses of Funds
- 7.4. Regulations and Valuation of Financial Institutions
- 7.5. Multinational Financial Companies

Unit-8 Mutual Funds and Securities Operations

- 8.1. Mutual Funds: Concept and Categories
- 8.2. Growth and Mix Concept
- 8.3. Performance of Mutual Funds
- 8.4. Impact of Credit Crises on Security Firm
- 8.5. Globalization of Securities Markets

Unit-9 Insurance and Pension Funds Operations

- 9.1 Insurance Companies: An Overview
- 9.2 Regulation and Valuation of Insurance Companies
- 9.3 Multinational Insurance Corporations
- 9.4 Pension Funds: Background, Management and Performance
- 9.5 Pension Funds Participation in Financial Markets

Recommended book

Madura, J. (2010). *Financial markets and institutions*. (9th edition). Mason OH: South-Western Cengage Learning.

Additional Readings

Peter, H. and Keith, B. (2007). *Financial markets and institutions*. Prentice Hall

Stephen, V. (2007). *An introduction to global financial market*. Palgrave Publications.

