FIN 7632
COMMERCIAL BANKING

I. COURSE DESCRIPTION

The purpose of this course is to provide an overview of the complex and evolving structure of the American banking system and to explore how this has affected the financial system and the management of banking institutions. The course integrates real world banking considerations with the principles of, and recent developments in, financial economics, including the analysis of bank management functions in terms of operating philosophies, strategies, and techniques. The primary emphasis is on the theory and evidence as to the processes by which banking firms fit into financial markets and facilitate the flow of capital among the various sectors of the economy.

II. REQUIRED READING


2. The Wall Street Journal is required reading. The assignments for this are explained below in section V. A sign-up sheet for Journal subscriptions will be provided in class for students who do not already have access to the Journal.

3. Cases will be assigned.

III. LECTURE TOPICS

DATE       TOPIC

Part A: Banks and the Financial Market


9/12-9/19  Topic 2 Market-Based versus Relationship-Based Capital - pp. 71-81, 204-213, 343-359, 764-776.


10/10      Topic 4 Bank Capital Structure and Regulation - pp. 84-93, 563-649.


10/24      EXAM

Part B: Bank Asset Management
IV. EXAMINATIONS (60% OF GRADE)

There will be a midterm examination and a final examination encompassing the material covered in the reading assignments, the lectures, and class discussions. The format of each examination will be a combination of short answer questions and essay questions, with the latter predominant.

V. CURRENT EVENTS (15% OF GRADE)

There will be a discussion period of current banking market developments, as covered in the Wall Street Journal, each week at the beginning of class. This assignment has two components: (1) The student is responsible for taking a written quiz on banking developments each week. The quiz will be held during the first 20 minutes of class. Students may bring materials of their choice into class to be referred to during the quiz. Each week the material covered will be the five Journals beginning the previous Monday and ending with the Friday Journal before the quiz. (2) Each student should be consistently prepared to volunteer or be called upon by the professor to participate in class discussions. The majority of this part of the grade is determined by in-class weekly quizzes. It should be noted that the oral work will be graded on the basis of the student's ability to discern the major events and issues and analyze and relate them to concepts learned during the course. Each quiz will be equally weighted. The first quiz will be September 19, 2001.

VI. CASES (10% OF GRADE)

Students will be responsible for preparing a case. There will be both a written document (delivered prior to the start of class) and an oral presentation for each case. All students are responsible for the material covered in each case and each student's oral participation in each case work discussion will contribute to the grade in course. A list of cases will be provided separately.

VII. TERM PROJECT (15% OF GRADE)

There will be a term project to be completed by each student outside of class. Each student will be required to prepare a report on a corporate control event at a major commercial bank. The format of this project will be explained in class early in the semester. This is to be a
typed report, about 8-10 pages in length. The student will be provided with a list of specific topics to cover in this report. The due date for this project will be December 5, 2001.