

## OBE Based Teaching Lesson Plan 2019-20

**Program: M.Com(International Business)**

**Course Name: INTERNATIONAL FINANCIAL INSTITUTIONS & MARKETS**

**Course Code: P415 MC 203**

**Semester: II**

**Lecture hours: 60**

**Faculty in-charge: Dr. Karthika S**

<b>Course Outcome No.</b>	<b>Course Outcomes</b>	<b>T level Indicator</b>
CO1.	Illustrate the role of International Financial Institutions in the context of financing, banking and international payment and settlements.	T3
CO2.	Relate the dynamics of foreign exchange market and its effect on flow of goods and services and funds across the countries of the world.	T1
CO3.	Compare and contrast the risk and return of each international money market instruments and bond market instruments from the perspectives of borrower and investor.	T4
CO4.	Examine the implication of issue of each instrument of international equity market from the standpoint view of issuer and investors and hedge its risk by using a set of derivatives of international financial market.	T4
CO5.	Evaluate the role of securitization process in converting illiquid assets into liquid assets and its impact on derivative market.	T5

**SEMESTER – II**

<b>Module No. &amp; Topics Covered</b>	<b>Course Outcome No.</b>	<b>No. of Lecture Hours</b>	<b>Pre-Class Activity</b>	<b>Instructional techniques</b>	<b>Assessment</b>	<b>T level</b>
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<p><b>Module 1:</b></p> <p><b>Introduction &amp; International Financial Institutions</b> —Overview of international financial institutions and markets (financial intermediaries) IMF – Role and financial policies,___ International banking —Products offered by international banks (letters of credit etc) — Foreign Currency Accounts , External Commercial Borrowings – Including Indian Perspective, risk management in international banking and FIs — international payment/settlement system — central banks and creation of money — International investment/ merchant banks,</p>	CO 1	10 hrs	Find out the forex rate every day to relate to the concept. And also about derivative markets	Lecture and Presentation	Question and answers	T3
<p><b>Module 2:</b></p> <p><b>Foreign Exchange Market</b> —How currencies are traded — spot —forward — futures and derivatives market — currency markets — Players in the foreign exchange market — favorite currencies and trading locations — Foreign Exchange Quotations and calculations, settlement procedures and risk — interest rates and covered interest arbitrage and</p>	CO 2	15 Hrs	Bring the details of major players in forex market .	Lecture and Presentation , case study	Question and Answer	T1

covered interest parity. <i>(Currency derivatives will be covered in module 5).</i>						
<p><b>Module 3:</b></p> <p><b>Money markets &amp; Bond Markets</b> — what money markets do? — money market funds — money market instruments — commercial paper, BA, treasury bills, notes, inter-bank loans, international agency paper, repo/reverse repo, money market and the monetary policy .</p> <p>Bond markets — types of bonds — issuance procedure — bond duration —bond valuation — trading in bonds — global bonds — bond indices — International fixed income markets — Euromarkets — Level and structure of interest rates.</p>	CO 3	10 Hrs	List of money market instruments , and types of bonds.	Lecture and video presentation	Question and answers	T4
<p><b>Module 4:</b></p> <p><b>International Equity markets</b> — types — floatation — secondary market — OTC market — international equity market — international stock exchanges — international listings — international trading — depositary receipts ( including process of issuing GDRs/ADRs).</p>	CO 4	15 Hrs	OTC market observation and news related to international stock exchange	Lecture and presentation	Question and answers	T4

<p><b>Futures and option markets</b> — currency, commodity and stock derivatives — hedging with derivatives.</p> <p><b>Interest rate derivatives</b> — caps, floors and band — hedging.</p> <p><b>Swaps/FRA</b> — the swap market — types — mechanics — hedging.</p> <p><b>Investment companies and exchange traded funds.</b></p>						
<p><b>Module 5:</b></p> <p><b>Securitization</b> — Mortgage backed securities — securitization process — Fannie Mae and Ginnie Mae — CDOs &amp; CMBs — mortgage backed securities outside the US.</p>	<b>CO 5</b>	<b>10 Hrs</b>		<p><b>Lecture through PPT and videos.</b></p> <p><b>Case study</b></p>	<b>Question and answer</b>	<b>T5</b>

### Continuous Internal Assessment

- Assignment on Different International Finance topics- Last date of submission — Jan 2<sup>nd</sup> 2020.
- Presentations on the same topics with case study. From Jan to Feb

### Books for Reference:

1. *Fabozzi, Modigliani, Jones and Ferri— Foundation of Financial Markets and Institutions — Pearson Education.*
2. *Anthony Saunders & Cornett — Financial Markets & Institutions/A modern Perspective — Tata McGraw Hill.*
3. *Rose, Kolari & Fraser — Financial Institutions — Irwin.*
4. *Shapiro — Multinational Financial Management — Prentice Hall.*
5. *Dr S Guruswamy — Financial Markets & Institutions.*
6. *Jeff Madura — Financial Institutions & Markets — Thomson South –Western.*

7. *Frederic S Mishkin /Stanley G Eakins — Financial Markets + Institutions — Pearson Education.*
8. *Mark Kohn — Financial Institutions & Markets.*
9. *Shapiro — Multinational Financial Management.*

**Approved by:**