

**THE COLLEGE OF NEW JERSEY
SCHOOL OF BUSINESS**

**FIN 350
MANAGEMENT OF FINANCIAL INSTITUTIONS**

Spring 2011
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Prerequisites: BFIN 201 Financial Management

REQUIRED TEXT: *Commercial Banking: The Management of Risk*; 3rd edition by Benton Gup and James Kolari. This is an abridged version made for this class.

COURSE DESCRIPTION: This course is designed to provide a comprehensive survey in commercial banking. It examines the methods used to obtain and employ funds while maintaining adequate liquidity and profitability. Special emphasis will be placed on the management concepts and techniques necessary to be effective and successful in today's changing regulatory environment.

This course makes extensive use of the Stanford Bank Game. Students will be divided into teams. Each team will be required to write a brief paper in which it sets forth its operating philosophy for its bank (goals and objectives). This paper will contain the strategic plan to bring about these goals. I will be looking for quality not quantity and, therefore, there is a three page maximum length for this paper. Each team will do two practice simulation runs in order to get a feel for the game. The game will then be reset to the starting position and a minimum of four serious runs will be made.

Simulation decision sets are due at the beginning of class. If a team does not turn in a set of decisions on time, the instructor will use the previous set of decisions. **Keep a copy of your decisions so that you will know what your current rates and other decisions are.** You will want to refer to these when creating your next set of decisions.

After the game has been concluded, each team will write a paper describing the condition of its bank and the factors that brought about this condition. Each team will conduct a formal stockholders' meeting in class. Teams will present their results and field questions from the shareholders (rest of the class). The team that wins the game will select first from a list of possible dates for their presentation. The team that places second will get second choice of dates and so on.

Your grade for the simulation portion of this course will be based upon the quality of the final paper and the stockholders' meeting. It will not be based upon your bank's actual performance. This simulation exercise should be a non-stressful and enjoyable learning experience. After all, if you knew how to run a bank, you wouldn't be in this class in the first place!

GRADING: There will be three exams including a final. The exams will be given on **February 16, March 23, and April 13.**

Each exam will count 25% of your final grade. The stockholder's presentation and final paper will also count 25% of your grade.

You will lose a third of a letter grade each time that you do not turn in your bank decision form on time.

ATTENDANCE: Attendance is required for the Stockholder's Meetings. You will be expected to ask questions at these meetings.

I DO NOT GIVE MAKE-UP EXAMS.

TENTATIVE ASSIGNMENTS:

<u>Date</u>	<u>Schedule of Topics</u>
Jan. 26	Introduction Stanford Game Read Player's Manual
Feb. 2	Bank Structure Chapter 1 Bank Financial Statements Chapter 2 (Problems 2.4 & 2.5)
Feb. 9	Bank Risk Chapter 3 First practice decision due Chapter 3 continued (Problem 3.8)
Feb. 16	Discussion of first practice round Second practice decision due FIRST EXAM
Feb. 23	Acquisition and Cost of Funds Chapter 6 Liquidity

	Chapter 7 First Real Decision Due Paper due (Mission statement for your bank)
Mar. 2	Chapter 7 continued (Problems 7.1 & 7.3) Security Portfolio Chapter 8 Second Real Decision Due
Mar. 16	Capital Adequacy Chapter 9 (Problems 9.2 & 9.4) Third Real Decision Due
Mar. 23	SECOND EXAM
Mar. 30	Loan Policy Chapter 10 Selection, Underwriting & Portfolio Diversification Chapter 11 Fourth Real Decision Due
Apr. 6	Derivatives Read Handout Consumer Lending Chapter 12 Fifth Real Decision Due Consumer Lending continued Read Mortgage Handout
Apr. 13	THIRD EXAM
Apr. 20	Group Meetings
Apr. 27	Stockholders' Meetings
May. 4	Stockholders' Meetings

Here are some formal notices for this course. Please read them carefully.

1. I welcome the opportunity to work with students who have documented disabilities and are in need of academic accommodations. If you have not already done so, please notify the Office of Differing Abilities Services (609-771-2571). The Office will work with us to determine reasonable individualized accommodations that are in accordance with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1992. You can find TCNJ's Americans with Disabilities Act policy at <http://www.tcnj.edu/~affirm/ada.html>.
2. Students who violate The College's Academic Integrity Policy (see the policy at <http://www.tcnj.edu/~academic/policy/integrity.html>) will be referred to the Academic Integrity Officer—no exceptions will be made.
3. As I note above, participation is a vital learning tool in this course. Of course, you must attend class to participate. You will find TCNJ's attendance policy at <http://www.tcnj.edu/~recreg/policies/attendance.html>.
4. Students who deface TCNJ library property by removing material from books, journal, or magazines to complete work for this course will earn a failing grade for this course. The library provides ample facilities for photocopying; removing material for your personal use is both unethical and selfish.
5. Turn off your cell phones during class. While everything that we do in this class will be so fascinating that you will want to tell your friends and family about it immediately, please do not make calls, take calls, nor text during class.
6. Do not use personal computers or any other electronic devices during class for anything that is not directly related to the work we are doing at that time. No writing papers for other classes, games, writing reviews of my outstanding teaching performance on online rating services, e-mailing, web-surfing, registering for classes for next semester . . .