

Kazakhstan Institute of Management, Economics and Strategic Research
Bang College of Business
Summer II 2011
Course Syllabus for
FN 4231 Commercial Banking

1. Basic Information

<i>Course code and Title</i>	FN 4231 Commercial Banking
<i>Course Meeting Time and Place</i>	11:30-14:15 M-F
<i>Course Credit:</i>	3 Credits

Instructor Information:

Instructor: Gregory Perelman, Ph.D.

Office: Room 348 Dostyk Building

Phone: TBD

E-mail: perelman@kimep.kz , gp36@yahoo.com

2. Instructor Availability:

Office Hours: 14:30-16:00 M-F

3. Course Description/Overview.

This course aims to give students an understanding of the field of banking from the perspectives of both a customer and a bank manager. Topics include an introduction to the business of banking; asset-liability management techniques and hedging against interest rate and credit risk; managing the bank's investment portfolio and liquidity position; managing the bank's sources of funds; providing loans to businesses and consumers; the bank's organizational structure and service options and developing a channel for future growth and expansion. Many topics in this class will be discussed in light of the recent financial crisis.

4. Learning Objectives:

- a) Students will know the theoretical reasons for existence of financial intermediaries (asymmetric information, transaction cost, balance transformation, etc.);
- b) Students will know how the Federal Reserve System (U.S. central bank) operates;
- c) Students will know how to evaluate financial performance of a banking institution;
- d) Students will know how commercial banks manage credit risk and price traditional banking products (loans);
- e) Students will know how commercial banks manage interest rate risk (GAP analysis, duration);
- f) Students will know how commercial banks manage funding of their operations;

- g) Students will know capital requirements of commercial banks (Basel I, Basel II, Basel III);

5. Teaching Methodology

Material will be presented in lectures and in a seminar format where students will discuss the course subject matter. Some material will involve problem solving.

6. Assessment Scheme:

A student’s performance will be evaluated in the following manner:

There will be 2 exams, the midterm (20%) and final (25%), 2 graded quizzes (10%), 3 homework assignments (10%) and a group project (25%), which will be presented in class at the end of the course. Students’ participation in the course discussions will also contribute to the final grade (10%). The project and the final exam are 50% of the grade and represent the final assessment of the course.

- 7. **Grade Scale:** Final grades will reflect the grade scale published in the KIMEP catalogue.

Letter grade and numerical scale

A+	90-100%	C+	67-69
A	85-89	C	63-66
A-	80-84	C-	60-62
B+	77-79	D+	57-59
B	73-76	D	53-56
B-	70-72	D-	50-52

8. Course policies

- a. Students are expected to maintain a classroom environment conducive to learning.
- b. All students are expected to complete all assignments individually, except the group project which will be completed in teams of 4-5 students. You may not share, lend or borrow another student’s (group’s) work in any manner. Acts of academic dishonesty or misconduct will result in disciplinary action in accordance with KIMEP regulations. Students are responsible for knowing the Institute’s regulations as stated in the college catalog.
- c. Any student who has a documented disability that adversely impacts their ability to complete course requirements should see me for arrangements which may assist the student.

- d. Any student who misses an exam has 2 weeks to complete a makeup or they will receive a grade of zero on that exam. A makeup requires that the student had a valid and documented reason for missing the exam.
- e. Outside assignments are penalized 10% per day for each day beyond the due date.
- f. No formal record of attendance will be maintained. However students who attend class on a regular basis stand a better chance of passing the course.
- g. Any student who stops attending the class but does not formally withdraw will receive a grade of “F” for the semester.
- h. A grade of “I” will not be granted unless extreme circumstances beyond the student’s control prevent full completion of the course requirements. Grades of “I” or “IR” will not be given in lieu of the grade of “F”.

9. Course Schedule

Meeting	Topic	Reading
1	Introduction	Ch. 1, 2
2	Overview of the banking industry	Ch. 3,11 and FED articles
3	Evaluating bank performance	Chapter 5
4	Evaluating bank performance (cont.)	Chapter 6
5	Extending credit – overview	Chapter 16
6	Extending credit - businesses	Chapter 17
7	Extending credit - consumers	Chapter 18
8	Midterm	-
9	Interest rate risk management	Chapter 7
10	Derivatives and risk management	Chapter 8
11	Liquidity management	Chapter 11-12
12	Capital management	Chapter 15
13	Team project presentations	-
14	Course review and comments on presentations	-
15	Final exam	-

Final exam: July 29, 2011

- 10. **Readings:** Bank Management & Financial Services, by Peter S. Rose and Sylvia C. Hudgins; 8th Edition (7th Edition is acceptable as well), McGraw-Hill, 2010;