

Monfort College of Business
Semester Course Syllabus

(2009-2010)

COURSE PREFIX/TITLE: BAFN 473--Commercial Bank Management

Sem. Hrs. 3
Ed. Cap. 35

CATALOG DESCRIPTION: Prerequisite: BAFN 370, BAFN 371. Business majors only. Juniors or above. Investigate the management of banks and other financial institutions. Evaluate decision strategies used to enhance performance in a changing economic and regulatory environment. Review banking principles, current practices problems.

PREREQUISITES: BAFN 370, BAFN 371. Business majors only. Juniors or above.

COURSE OBJECTIVES:

1. Provide an overview of commercial bank and financial institution management.
2. Evaluate performance maximizing strategies.
3. Evaluate asset and liability management strategies and decision models for managing interest rate risk, liquidity risk, credit risk, and capital risk.
4. Investigate international banking issues and related financial institution management strategies.
5. Review case studies demonstrating actual situations and decision making in financial institution management.

COURSE TOPICS:

Approx.
50 Min.
Periods

Topics Covered

Description

2	An Overview of Banks and their Services	An introduction to the services banks offer and the many roles banks play in the economy. An overview of recent trends in banking and the impact on bank managers' decision-making.
6	Interest Rates, Asset Prices, and the Interest Rate Environment	A review of interest rate theories, asset pricing, the interest rate environment, and their relationship to the decision-making process in banking.
2	Bank Regulation	An evaluation of how the range of bank management decisions are limited by regulation and how laws and regulations shape the services that banks can offer the public.

COURSE TOPICS:

Approx.
50 Min.
Periods

	<u>Topics Covered</u>	<u>Description</u>
2	Organization and Structure of Banks	An exploration of the different types of organization structure used in the banking industry and how each organizational type affects bank behavior, services offered, profit, risk, and operating efficiency.
1	Financial Statement of a Bank	An introduction to the content, structure, and purpose of bank financial statements.
2	Measuring and Evaluating Bank Performance	An analysis of tools that can be utilized to evaluate the performance of banks with respect to profitability, liquidity, solvency, and risk.
2	Bank Lending: Policies and Procedures	An explanation of why sound bank lending policies are important to banks and the public they serve, how to establish a written loan policy, and how to spot and deal with problem loans.
3	Commercial Lending	An analysis of the factors bankers must consider in evaluating commercial loans and the different methods used by bankers to price business loans.
3	Consumer and Real Estate Lending	A review of the types and characteristics of consumer and real estate loans. Credit analysis, terms, and factors that affect profitability and risk.
3	Investment Function in Banking	An explanation of the types of securities that banks acquire for their investment portfolios, risk and return characteristics, and investment strategies.
3	Liquidity and Reserve Management	An exploration of why banks often face heavy demands for liquidity and the methods banks can use to solve liquidity problems and meet reserve requirements.

Approx.

50 Min.

Periods

Topics Covered

Description

3	Managing Deposit Services	An introduction to the types of deposits banks offer, the pricing of those deposits, and an analysis of the profitability of the various types of deposits.
2	Managing Nondeposit Liabilities and Other Sources of Bank Funds	An overview of the principal nondeposit sources of funds that bankers can borrow and the characteristics and costs of these nondeposit sources of funds.
2	Managing the Bank's Capital Position	An explanation of why capital is so important in banking, how bankers and regulators assess capital adequacy, and ways that bank management can raise new capital.
6	Asset-Liability Management and Managing Interest Rate Risk	An exploration of the options bankers have to deal with interest rate risk in order to achieve the institution's goals. An evaluation of asset management strategies, liability management strategies, interest rate hedging strategies, and the use of duration as a means to manage interest rate risk.
<u>3</u>	Global Banking	An overview of the types of global banks, services offered, regulatory framework, and recent trends and opportunities.
45	Total	

COURSE REQUIREMENTS: Examination(s), homework, projects and quizzes as needed.

TYPE OF GRADING: Letter

SUGGESTED TEXT AND/OR SUPPLEMENTS: (Note: These books are only suggested. Prior to purchasing books and other materials, students need to check with the class instructor for their book and class material choices.)

Koch, T. W. and MacDonald, S. S. (2006). *Bank management* (6th ed.) _____: South-Western.

ASSESSMENT STATEMENT: The Monfort College of Business may collect data in this course that will be used to assess student progress toward our program learning goals and objectives. Individual student performance information will be kept confidential; however, this data may be disseminated in an aggregate form to professional groups and through research publications. If you do not wish your performance in this class to be included in research about overall student performance (beyond the accreditation process), please inform your instructor in writing of this intent.

COMPUTER UTILIZATION: Students are encouraged to use the College's computing facilities to complete their assignments. The student computer labs in Kepner Hall provide support for word processors, spreadsheets, databases, writing-style checkers, and presentation graphics. Internet and e-mail access are available in the labs. Student consultants are on duty at the labs to assist with these applications.

LIBRARY UTILIZATION: Students are expected to discuss information contained in current business and banking news using primarily the Wall Street Journal, Barron's, Business Week, Newsweek, and banking journals. Research projects are required which require the use of other sources of information including Moody's Bank & Finance Manual, Research Insight, Federal Reserve System Publications and information secured from their own banks or depository institutions.

GLOBAL DIMENSION COVERAGE: Students will evaluate global banking and finance issues including services, organization, regulation, currency and credit markets operations, lending and financing and current examples of global banking situations.

ETHICAL DIMENSION COVERAGE: Bank and depository institutions goals, objectives, ethical responsibilities, and the relationship between owners, directors, and management will be addressed. Legal and regulatory guidelines and restrictions that are so pervasive in banking and intermediation will be covered in great detail. Responsible risk-return management will be evaluated. Social responsibility to the non-banking community will also be addressed.

DISABILITY STATEMENT: Any student requesting disability accommodation for this class must inform the instructor giving appropriate notice. Students are encouraged to contact Disability Support Services at (970) 351-2289 to certify documentation of disability and to ensure appropriate accommodations are implemented in a timely manner.

CLASSROOM TECHNOLOGY GUIDELINES:

Each student is required to review and become familiar with the following classroom technology guidelines: <http://www.mcb.unco.edu/Technology/Classroom%20Technology%20Guidelines.pdf>

Food is not allowed in classrooms. Only drinks in a container with a screw top lid are allowed.

KENNETH W. MONFORT COLLEGE OF BUSINESS STATEMENT

The Kenneth W. Monfort College of Business students are expected to conduct themselves in accordance with the highest standards of academic honesty. Cheating, plagiarism, illegitimate possession and disposition of examinations, alteration, forgery, or falsification of official records and documents, and similar acts or the attempt to engage in such acts are grounds for disciplinary action. This action can include the following in addition to any University disciplinary action:

1. A failing grade for a particular assignment.

2. A failing grade for a particular course.
3. Suspension from the College of Business Administration.
4. Expulsion from the College of Business Administration.

Students are expected to complete all prerequisites for a business class prior to the first day of class. Students may not concurrently enroll in a class and its prerequisite(s) unless it is expressly stated in the bulletin that the class is a co-requisite. Any exception to this policy must be approved by the Director of the School offering the class.

Students must submit original works for assignments required in this class. This includes term papers, cases and other course requirements. A student who submits a work that was previously submitted to another class without prior approval from the instructor is in violation of this policy. A student who violates this policy may receive a failing grade for the assignment, a failing grade for the class, and face termination of his/her business degree program.

MONFORT COLLEGE OF BUSINESS STUDENT CODE OF PROFESSIONAL CONDUCT:

Monfort College of Business students represent the professional and academic interests of the entire MCB & UNC communities. Accordingly, MCB expects all students to behave in a professional manner and adhere to high ethical standards in every business class and in every activity connected with the Monfort College of Business. This professional behavior is required not only in the classroom but also in all MCB-related interactions such as e-mails, conferences and use of technology.

MCB students should exhibit respectful behavior in classes. This behavior includes arriving on time to class, staying in class until the lecture ends, having the discipline to stay engaged in class, turning-off or silencing cell phones and pagers while in class, refraining from text-messaging, and avoiding coming to class wearing clothing that is unduly provocative or has written messages that are rude, insensitive or obscene. MCB students should engage in respectful behavior in all activities where they act directly or indirectly as a representative of the MCB. Respectful behavior creates a more desirable, civilized, and productive learning environment, and it models behavior that is both productive and pleasant when students transition from the classroom to the workplace.

MCB students should master and apply the fundamental skill of preparing and sending class or university related e-mails that are properly written, show professionalism and communicate a clear message. E-mails containing profanity, spelling mistakes, punctuation errors, or poor composition evidence sloppiness and show disrespect to the recipient. MCB students should use proper forms of address when communicating orally or in writing with faculty or staff (i.e., Dr. Smith, Professor Jones, Ms. Abbot, etc.). If a student does not know how to address a faculty member, he or she should ask.

This code of professional conduct complements, but does not replace, the Honor Code of the Monfort College of Business or the Honor Code of the University.