FIN 425/925       BANKING THEORY & PRACTICE       6 CP

AUTUMN [2006]       WOLLONGONG CAMPUS

Subject Coordinator

DR HEMANT DEO  School of Accounting & Finance

Room:  40 307  Ph:  4221 3731  email:  deo@uow.edu.au

Consultation:  Tuesday  Thursday  Time:  9.30am – 11.30am  10.30am – 12.30pm

Lecturer

DR HEMANT DEO  School of Accounting & Finance

Room:  40 307  Ph:  4221 3731  email:  deo@uow.edu.au

Consultation:  Tuesday  Thursday  Time:  9.30am – 11.30am  10.30am – 12.30pm
# SECTION A: GENERAL INFORMATION

## LECTURE TIMES

Lectures will be held **Monday at 9.30am to 11.30am** Room 131, Building 40 on

## LECTURE PROGRAM

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topics Covered</th>
<th>Chapter(s)</th>
</tr>
</thead>
</table>
| 1    | 20/02/06 | Emergency Evacuation Procedures  
Introduction to the Subject | n/a         |
| 2    | 27/02/06 | The Australian Financial (Banking) Environment | 1           |
| 3    | 06/03/06 | Financial Statements  
[A Banker’s Perspective] | 2           |
| 4    | 13/03/06 | Bank’s Evaluation of Risks, Returns & Performance | 3 & 4       |
| 5    | 20/03/06 | Bank’s Management:  
Liability  
Liquidity  
Securities Portfolio | 5 6 7     |
| 6    | 27/03/06 | Bank’s Capital Management | 8           |
| 7    | 03/04/06 | Bank’s Credit Organisation  
Bank’s Selection and Management of Loan Portfolio | 9 10       |
| 8    | 10/04/06 | Commercial Lending  
Consumer Lending | 11 12      |
|      |         | **Easter Recess 17/04/06 – 21/04/06** |             |
| 9    | 24/04/06 | Mid – Semester Test | n/a         |
| 10   | 01/05/06 | Bank’s Financial Futures & Forwards  
Bank’s Interest Rate Options | 13 14     |
| 11   | 08/05/06 | Bank’s Interest Rate Swaps  
International Banking | 15 16     |
| 12   | 15/05/06 | Banking Technology  
Country Risk Evaluation | TBA TBA   |
| 13   | 22/05/06 | Cheque Clearing System | TBA TBA   |

**Please Note:** Other reading materials will be assigned during the lectures each week. All assigned readings in this course are examinable.

**MAYBE SUBJECT TO CHANGES**
SECTION A: GENERAL INFORMATION (CONT.)

BRIEF OUTLINE

This subject examines bank management theory as applied to the practice of bank operations within the banking sector. It entails comprehensive discussions on issues that are commonly involved within the banking environment such as the regulatory structure, risk management, commercial and consumer lending, capital adequacy analysis, banking financial futures and forwards, the cheque clearing system and the latest information technology within the banking world.

STUDENT LEARNING OUTCOMES

On successful completion of this subject, the student should be able to:

1. appraise the role of the modern bank within the Australian and International context;
2. discuss and illustrate key functions of banks with particular emphasis in areas such as lending practices, the various risks encountered and the overall regulatory framework;
3. demonstrate an understanding of balance sheet planning and capital adequacy analysis used by banks;
4. critically evaluate the banking environment: explain the implications of social, economic and political factors within the banking framework;
5. demonstrate an understanding of various interest risk models;
6. demonstrate an understanding of the cheque clearing system and new developments in banking technology over a period of time;
7. demonstrate an understanding of commercial and consumer lending practices.

ATTENDANCE REQUIREMENTS

In order to maximise learning outcomes, it is strongly recommended that students attend all lectures.
SECTION A: GENERAL INFORMATION (CONT.)

PERFORMANCE LEVEL
To be eligible to pass this subject, students must achieve an overall mark of at least 50%, and at least 45% on the final examination.

REQUIRED TEXT
Hogan et al., W (2004), Management of Financial Institutions, John Wiley & Sons Australia Ltd.

This textbook is available online from the University Bookshop at http://unishop.uow.edu.au/textbooks/

RECOMMENDED BACKGROUND AND FURTHER READING

7. Sathye M et al., (2003), Credit Analysis & Lending Management, John Wiley & Sons Australia

Please Note:
These readings are by no means representative of all the source materials you need to refer to. They merely provide guidance to other references needed. All assigned readings in this course are examinable.

This is not an exhaustive list of references. Students should also use the library catalogue and databases to locate additional resources.
SECTION B: ASSESSMENT

ASSESSMENT

<table>
<thead>
<tr>
<th>Assessment 1:</th>
<th>MID – SEMESTER TEST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test</td>
<td>The mid-semester test will cover all topics up to and including week 7 topics. The format of the test will be advised during the lectures. <strong>Note:</strong> There will be only one mid-semester test (no supplementary test)</td>
</tr>
<tr>
<td>Weighting</td>
<td>30%</td>
</tr>
<tr>
<td>Due date</td>
<td><strong>Week:</strong> 9 (Monday 24th April 2006)</td>
</tr>
<tr>
<td></td>
<td><strong>Room:</strong> 40.131</td>
</tr>
<tr>
<td></td>
<td><strong>Time:</strong> Lecture (9.30am to 11.30am)</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Assessment 2:</th>
<th>PRACTICAL ASSIGNMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank’s Financial</td>
<td>Chapter 2 page 80-81 (textbook), Question 7 (a &amp; b). Students are required to prepare written (typed) answers for this question.</td>
</tr>
<tr>
<td>Statement Analysis</td>
<td></td>
</tr>
<tr>
<td>Length</td>
<td>Typed answers of one or two pages</td>
</tr>
<tr>
<td>Weighting</td>
<td>5%</td>
</tr>
<tr>
<td>Due date</td>
<td>Week 6, 27th March 2006 (due in lectures)</td>
</tr>
</tbody>
</table>

EXAMINATIONS

FINAL EXAMINATION

| Weighting             | 65%                                                                              |
| Date                  | The final examination date will be confirmed during the course of the subject and published on SOLS 3 to 4 weeks before the examination period. |
| Time allowed          | 3 Hours 15 Minutes                                                              |
| Structure of paper    | Essay/Short answer (identify & discuss)/Calculations                            |
SECTION B: ASSESSMENT (CONT.)

SUMMARY OF ASSESSMENTS

General Criteria

Subject Requirements & Method of Assessment:

1. Any student failing to meet ALL the following compulsory requirements will be deemed to have failed the subject.

2. The compulsory subject requirements are:
   a) attendance at the mid-semester test;
   b) submission of, in an academically acceptable form and within the time and length limit specified:
      i) practical assignment;
   c) achievement of a minimum mark of 45% in the final examination and an overall mark in the subject of at least 50%. Marks maybe subjected to scaling.

3. The composite mark will be made up as follows:

<table>
<thead>
<tr>
<th>Task</th>
<th>Weighting</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practical Question</td>
<td>5%</td>
<td>Week 6 (In Lectures Monday 27th March 2006)</td>
</tr>
<tr>
<td>Mid-Semester Test</td>
<td>30%</td>
<td>Week 9 (In Lectures Monday 24th April 2006)</td>
</tr>
<tr>
<td>Final Examination</td>
<td>65%</td>
<td>To be advised via SOLS</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>
SECTION B: ASSESSMENT (CONT.)

SUBMISSION, RETENTION AND COLLECTION OF WRITTEN ASSESSMENT

a. Possible method of submission: Lecture.
   Post: No posting of assignment.
   Facsimile: No faxed assignment will be accepted.
   Email: No emailing of assignment.

b. Format for submission: Hardcopy of assignment. However, students are required to keep a copy and produce it if required by the lecturer.

c. Receipting and recording submission: Lecture.

d. Possible method of return: During the lecture.

e. Collection by students: During the lecture.

Assessment tasks which are relevant to the final examination for the subject will be marked and available for collection prior to the study week before the final examination.

A Faculty of Commerce assignment cover sheet should be attached to each piece of written assessment.

This cover sheet can be obtained from the website:


PENALTIES FOR LATE SUBMISSION OF ASSESSMENT

Assessed work must be handed in by the date and time given. Assessed work handed in late can be penalised by the deduction (from the mark given to the assessed work) of 5 percentage points per 24 hours of the weekday or part thereof. The operation of this rule will not result in a negative mark being carried forward.

PLAGIARISM

Plagiarism means using the ideas of someone else without giving them proper credit. For example, that someone else may be an author, critic, journalist, artist, composer, lecturer, tutor or another student. Unintentional plagiarism can result if you don't understand and use the acceptable scholarly methods of acknowledgement. Whether plagiarism is deliberate or unintentional, the University may impose penalties, which can be very severe. When it is desirable, or necessary, to use other people's material, take care to include appropriate references and attribution. **Plagiarism will not be tolerated and has led to expulsion from the University.**

Students should visit the following University website and become familiar with the University's policy on Plagiarism.

SECTION C: RULES, CODES OF PRACTICE & POLICIES

C1 UNIVERSITY POLICIES

Information on the following University Policies can be found at the websites below:

<table>
<thead>
<tr>
<th>Policy</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical objection by students to the use of animal and animal products in coursework subjects</td>
<td><a href="http://www.uow.edu.au/about/policy/ethicalobjectionanimals.html">http://www.uow.edu.au/about/policy/ethicalobjectionanimals.html</a></td>
</tr>
</tbody>
</table>

* see brief explanation of policy below.

C1.1 Non-discriminatory Language

The Faculty of Commerce supports the University’s policy on the use of non-discriminatory language. It is the responsibility of students to ensure that they understand and abide by this policy. The policy is available at:

http://staff.uow.edu.au/eeo/nondiscrimlanguage.html
SECTION C: RULES, CODES OF PRACTICE & POLICIES (CONT.)

C1.2 Special Consideration Policy

The Faculty of Commerce recognises that it has a responsibility to ensure equity and consistency across its subjects for all students. Sometimes, in exceptional circumstances, students need to apply for special consideration in order to complete all assessable work.

The University applies strict criteria to the granting of special consideration. Before applying for special consideration students should carefully read the University’s policy. The policy can be found at:


C1.3 Student Academic Grievance Policy

The Faculty of Commerce aims to provide a fair, equitable and productive learning environment for all its students. The Student Academic Grievance Policy seeks to support the achievement of this goal by providing a transparent and consistent process for resolving student academic grievances.

Any student who has a grievance over a result should obtain a Faculty of Commerce Appeal of Assessment Form from the Schools or the Sub-Dean’s Unit. The student should firstly take the form to the marker/lecturer to discuss the matter and, if the student is still not satisfied, s/he should take the next step as outlined on the form.

Once the grievance has been considered by the Faculty, if the student still feels the situation has not been fully resolved s/he may consult the Dean of Students. However, the Dean of Students can have no input into the academic judgement of the lecturer and can only review the grievance to ensure proper procedure has been followed.

For more information, please consult the policy in full at

SECTION C: RULES, CODES OF PRACTICE & POLICIES (CONT.)

C2 FACULTY AND SCHOOL POLICIES

REFERENCING

WHY DO YOU NEED TO REFERENCE?

At University it is necessary to acknowledge the sources of information and ideas that you have incorporated in your assignments. Failure to do this thoroughly may result in accusations of plagiarism: this is the academic equivalent of stealing (because by not acknowledging someone else's work, you are presenting it as your own). Plagiarism is taken very seriously by the University and may result in expulsion from the University.

Referencing is not only about acknowledging other people's work: accurate referencing and lists of references are beneficial when researching a topic as they allow the reader to follow up information and read further into the area. In a sense, references provide readers with clues to help them explore different avenues of a topic. This aspect of referencing will become more valuable to you as you progress in your studies.

There is a correct procedure that must be followed when referencing and using footnotes. Not complying with these set techniques and format will most likely result in loss of marks.

When writing an essay it is easiest to reference as you go, making sure you are writing down all relevant information. This will save hours trying to find the source again in the library.

THE HARVARD SYSTEM OF REFERENCING

The Faculty of Commerce uses the Harvard system of referencing. This system makes use of short references within the body of the text. It is supplemented by a detailed list of references at the end of the text, which provides all the information necessary to find the source material. In-text references include the author and year of publication, and where necessary the page number(s).

*It is the responsibility of students to ensure that they are familiar with the Harvard system of referencing and that they use it accurately in all written work submitted.*

Students should consult the following University Library website for a detailed explanation and examples of the Harvard system of referencing.

SECTION C: RULES, CODES OF PRACTICE & POLICIES (CONT.)

CITATION OF ELECTRONIC SOURCES

It is necessary for students to reference all sources used in their written work, including file transfer protocol sites, worldwide web sites, telnet sites, synchronous communications (MOOs, MUDs, IRC, etc.) GOPHER sites and email, Listserv and Newsgroup citations.

It is the responsibility of students to ensure that they are familiar with the accepted Faculty of Commerce practice for referencing electronic material and that they use it accurately in all written work submitted.

Students should consult the following University Library website for a detailed explanation and examples of how to reference electronic material.


C3 SUPPORT SERVICES AND FACILITIES

LEARNING RESOURCE CENTRE

Learning Development offers a range of free services to all enrolled students who wish to improve their academic or English language skills. There are a range of workshops available including; essay writing and editing; reading for assignments; grammar; presentation skills; pronunciation and exam preparation.

For information on language and academic skills workshops, or to make appointments for consultations, please visit the Learning Resource Centre (LRC), Building 19, Ground Floor, Room G102, or Phone 02 4221 3977. For further information visit the website:

SECTION C: RULES, CODES OF PRACTICE & POLICIES (CONT.)

FACULTY LIBRARIANS

Each faculty has a Faculty Librarian who is available to help with research related enquiries. Research Help Desk staffs are also available in the Library to assist with research needs.

The Faculty Librarians for Commerce can be contacted as follows:

email: lib_commerce@uow.edu.au

telephone: 4221 3078

DISABILITY LIAISON OFFICER

The Disability Liaison Officer (DLO) can provide advice on how particular disabilities affect university study and information on resources available at the University for assisting students with disabilities. Students commencing courses are advised to contact the Disability Liaison Officer prior to the beginning of their first session of study.

For further information on services offered, consult the Disability Services website or contact the office.

web address: http://www.uow.edu.au/student/services/ds/

telephone: 4221 3445

fax: 4221 5667
SECTION C: RULES, CODES OF PRACTICE & POLICIES (CONT.)

FACULTY DISABILITY ADVISERS

Faculty Disability Advisers are academic staff who provide assistance and support to students with disabilities within their Faculty and act as an intermediary between the student and the Faculty's academic and general staff. They provide support, educational advice and referral to appropriate staff on issues related to teaching and learning within the Faculty and the University. Students are advised to communicate specific information about the ways in which their disability affects learning to the Faculty Disability Adviser as soon as possible after enrolment.

The Faculty of Commerce Disability Adviser is Mr. Ron Perrin. Mr Perrin can be contacted as follows:

- Office location: Building 40, room 224
- Email address: ron_perrin@uow.edu.au
- Telephone: 4221 4118

ABORIGINAL EDUCATION CENTRE

The Aboriginal Education Centre (AEC) provides academic and personal support for Aboriginal & Torres Strait Islander and other indigenous students. The Centre also runs an Indigenous Specific Orientation Program for students who gain entry to the University through the alternative admissions program.

For further information on services offered, consult the Aboriginal Education Centre website or contact the office.

- Centre location: Building 30
- Web address: http://www.uow.edu.au/aec/
- Telephone: 4221 3563
- Fax: 4221 4244