Subject Outline

FIN 956 - BANKING LENDING & SECURITIES
Wollongong Campus

6 Credit Points
Spring 2004

Dr Hemant Deo
Room: 40.307
Telephone: (02) 4221 3731

School of Accounting and Finance
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Subject Details

Description
Banking lending and securities (FIN 956) focuses on the criteria involved in the bank's lending and securities process. The subject entails comprehensive discussions on issues of lending within the banking environment such as regulations of security offerings, principles of good lending, documents involved in lending, lending and the consumer credit code and new developments in lending and securities.

Objectives
On successful completion of this subject students should:

1. be able to discuss and illustrate the impact of lending and securities within the banking sector both within the Australian and International context.
2. have an understanding of the various documents involved in bank lending process.
3. use key financial ratio (analysis) involved in the assessment of bank loans.
4. have an appreciation of the client and the bank in relation to the lending and securities business.
5. have an understanding of the customers credit code associated with the lending process.
6. be able to critically evaluate the banking and securities environment and explain the implications of social, economic and political factors within the banking framework.
Subject Details (Cont.)

**Method of Delivery**
Two hours of Lectures
One hour of Tutorial

**Study Time**
Three hours per week including class attendance

**Lecture/Tutorial Times**

**Lecture Times:** Friday 10.30am – 12.30pm

**Room:** 19.G016

**Tutorial Times:**
- Friday 1.30pm – 2.30pm Room: 40.127
- Friday 2.30pm – 3.30pm Room: 40.127

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

**References**


Subject Details (Cont.)

References (Cont)


Weaver, P M (2001), *Banking and Lending Practice*, Lawbook Company.


*Please Note:*

These readings by no means represent all the source materials you need to refer to, they provide guidance to other references needed. Comprehensive reading is required to successfully complete this subject.
Contacts

Subject Coordinator/Lecturer

Dr Hemant Deo  
School of Accounting & Finance  
**Building No:** 40  **Room No:** 307

Telephone 61 2 4221 3731  
Facsimile 61 2 4221 4297  
Email deo@uow.edu.au

Consultation Times

To be advised later.

Student Administration

Telephone 61 2 4221 3938  
Facsimile 61 2 4221 4322  
Email studenq@uow.edu.au  
Student OnLine Services http://www.uow.edu.au/student/sols

Library

Telephone 61 2 4221 3548  
Web http://www-library.uow.edu.au

Purchasing of Books (Unishop)

Telephone 61 2 4221 8050  
Facsimile 61 2 4221 8055  
Email unishop@uow.edu.au  
Assessment Guidelines

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 and active participation in at least 90% of the tutorials.

b) submission of, in an academically acceptable form and within the time and length limit specified:
   
i) Essay

   c) achievement of a minimum mark of 45% in the final examination. Marks maybe subjected to scaling.

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

   a) Essay 30%
   
b) Tutorial Participation 5%
   
c) Final Examination 65%

   Total 100%
Assessment Guidelines (Cont.)

Performance Grades

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>HD</td>
<td>High Distinction</td>
<td>85–100%</td>
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<tr>
<td>D</td>
<td>Distinction</td>
<td>75–84%</td>
</tr>
<tr>
<td>C</td>
<td>Credit</td>
<td>65–74%</td>
</tr>
<tr>
<td>P</td>
<td>Pass</td>
<td>50–64%</td>
</tr>
<tr>
<td>F</td>
<td>Fail (unsatisfactory completion)</td>
<td>0–49%</td>
</tr>
</tbody>
</table>

**Special Consideration**

University policy requires students who, through serious illness or other circumstances beyond their control, are unable to attend an examination or meet any of the other course requirements, to submit medical or other documented evidence as soon as possible after the event to support their request for special consideration.


**Supplementary Examinations**

Students should note that supplementary examinations are **not** an automatic entitlement on the submission of a request for special consideration. In cases where the decision is made to allow a supplementary examination, students will usually be required to take the examination at a date to be determined by the School within three weeks of the end of the formal examination period. Students will be notified of the exam at least seven days beforehand. It is every student’s responsibility that the University has a correct record of your current address.

Full details of the University’s policy regarding special consideration are available on the web at [http://www.uow.edu.au/handbook/courserules/specialconsideration.html](http://www.uow.edu.au/handbook/courserules/specialconsideration.html) students should familiarise themselves with these policies.
Assessment Guidelines (Cont.)

Disability Policy
If a student with a disability requires reasonable accommodation in this subject, they are strongly advised to discuss the issues early in the session with one of the following people: the Disability Liaison Officer, Faculty Disability Adviser and/or the Subject Co-ordinator. Students with a disability should also register with the University of Wollongong Disabilities Unit. More details can be found on the web at http://www.uow.edu.au/student/services/disabl.html

Non-Discriminatory Language
As part of its Equal Opportunity/Affirmative Action initiatives, the University of Wollongong endorses a policy of non-discriminatory language practice and presentation in all academic and administrative activities of the University. The policy is available at http://staff.uow.edu.au/eeo/nondiscrimlanguage.html

Receipt of Assessment Tasks
It is your responsibility to ensure that you have a receipt signed by your lecturer/tutor, acknowledging submission of written work.
Assessment Tasks

Task 1: Essay
Due Date: 24/09/04
Return Date: To be advised
Weighting: 30%
Length: To be advised

Assignment Details
Essay: Refer to page 11 of the course outline.

Task 2: Weekly Tutorial Assignments
Due Date: Weekly
Return Date: To be advised
Weighting: 5%
Length: To be advised

Assignment Details
Weekly Tutorial Assignments: Refer to page 15 of the subject outline. Students are required to prepare written answers for the tutorial questions for that particular week. Collection of the written answers is at the discretion of the lecturer. Students are also, required to actively participate in the tutorial discussions.

Task 3: Final Examination
Date: University examination period
Weighting: 65%
Length: 3 hours 15 minutes

Examination Details
To be advised later during the lectures.
Submission Requirements

ESSAY TOPIC

Due Date: 24th September 2004

When a banker is about to approve or decline a lending application, he or she has to take into account, the bank’s written lending policy, the adequacy of the loan’s security, set out adequate terms and conditions of the loan that a borrower can attain and finally, adequate loan recovery measures that could be put into place to ensure that all is not lost for the lending institution should a loan go into bad debts. Even with all of these checks in mind, the banker will tend to lend to areas that are less risky and a loan that is protected through enough security.

Critically discuss the above statement, giving reasons for either agreeing or disagreeing. Your answer should also incorporate examples that support that viewpoint adopted in your essay.

Requirements:

a) The essay should be 2500 words (anything in excess of 2500 words will not be read). The essay should be typed using double-line spacing and 12 points font.

b) The essay must include a synopsis and a list of references. The method of referencing used in the Accounting Review must be used. One copy of the essay should be submitted in person to the subject coordinator in the lecture on 24th September 2004. Essays must not be posted, transmitted by fax or email.

c) Penalties will be imposed from the mark awarded if there is:
   a) Late Submission: 3 marks per day or part thereof.
   b) No Synopsis: 2 marks.
   c) No List of references: 3 marks.

d) The assessment of the essay will consider the following:
   i) Synopsis
   ii) Structure and presentation
   iii) Content
   iv) Style
   v) Reference and citation

e) A plagiarized essay, which includes copying the work of another student, will receive a mark of zero (refer to University of Wollongong Acknowledgment Practice, on the website http://www.uow.edu.au). All written submissions in this subject should include a cover sheet, a copy of which is attached at the end of this course outline.
Submission Requirements (Cont.)

Submission

Place of Submission: Lecture

Post: No posting of assignments

Facsimile: No faxed assignments will be accepted

Email: No emailing of assignments

Assignment Cover: (You must complete and attach a School of Accounting and Finance Assessment Cover Sheet to the front of your assignment available at the following web address: http://www.uow.edu.au/commerce/accy/resources/index.htm)

Collection: Lecture

Acknowledgment/Plagiarism

Plagiarism is not acceptable and may result in the imposition of severe penalties. The University provides clear guidelines on its attitude towards plagiarism and how to avoid unintentional plagiarism in the Postgraduate University Calendar, located on the web at http://www.uow.edu.au/handbook/courserules/plagiarism.html

Students are advised to read these carefully. If any doubts remain as to what constitutes plagiarism, students should discuss the matter with the subject coordinator.

Accounting Review acknowledgment methods to be used by students for all submissions in this subject.

Format

All written submission for this subject should be typed & doubled spaced.
Submission Requirements (Cont.)

Extensions

Extensions may be granted if circumstances beyond the control of the student interfere with their ability to complete the task on time. These will only be granted by the subject co-ordinator and must be applied for before the due date.

Please Note: Extensions will not be granted after the due date.

Late Submission

Three marks penalties will be applied for late submissions in this course.

Disclaimer

The School attempts to ensure that the information herein is up to date at the time of production, however we reserve the right to amend without notice in response to changing circumstances.
## Lecture Schedule

### FIN 956 – Banking Lending & Securities

**Lecture Schedule - [Spring 2004]**

<table>
<thead>
<tr>
<th>Week Numbers</th>
<th>Week Commencing</th>
<th>Lecture Topics</th>
<th>Text Book Chapter/s</th>
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<tbody>
<tr>
<td>1</td>
<td>19/07/04</td>
<td>Introduction of the Subject</td>
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<tr>
<td>2</td>
<td>26/07/04</td>
<td>Principles of Lending</td>
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<td></td>
<td>Financial Statements Analysis</td>
<td>2</td>
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<tr>
<td>3</td>
<td>02/08/04</td>
<td>Credit Scoring Techniques</td>
<td>3</td>
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<td></td>
<td></td>
<td>Credit Risk Analysis</td>
<td>4</td>
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<tr>
<td>4</td>
<td>09/08/04</td>
<td>Consumer Lending</td>
<td>5</td>
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<tr>
<td>5</td>
<td>16/08/04</td>
<td>Real Estate Lending</td>
<td>6</td>
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<tr>
<td>6</td>
<td>23/08/04</td>
<td>Security, Consumer Credit Legislation &amp; Legal Aspects of Lending</td>
<td>7</td>
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<td>7</td>
<td>30/08/04</td>
<td>Corporate Lending</td>
<td>8</td>
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<td>8</td>
<td>06/09/04</td>
<td>Small Business Lending</td>
<td>9</td>
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<td>9</td>
<td>13/09/04</td>
<td>International Lending</td>
<td>10</td>
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<td>10</td>
<td>20/09/04</td>
<td>Credit Risk Measurement &amp; Management</td>
<td>11</td>
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<td>Credit Risk: Regulator's Perspective</td>
<td>12</td>
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<td><strong>Essay due in Lectures on 24/09/04</strong></td>
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<td><strong>Recess</strong></td>
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<td><strong>27th September to 1st October 2004</strong></td>
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<td>11</td>
<td>04/10/04</td>
<td>Problem Loan Management</td>
<td>13</td>
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<td>Electronic Banking &amp; Lending</td>
<td>14</td>
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<td>12</td>
<td>11/10/04</td>
<td>Marketing of Bank Loans</td>
<td>15</td>
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<td>Future Directions of Bank Lending</td>
<td>16</td>
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<tr>
<td>13</td>
<td>18/10/04</td>
<td>Review</td>
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Please Note: Other reading materials will be assigned during the lectures each week.
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<thead>
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<th>Week Numbers</th>
<th>Date</th>
<th>Chapter/s</th>
<th>Question Numbers</th>
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<td>2</td>
<td>1 &amp; 8</td>
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<td>4</td>
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<td>2 &amp; 5</td>
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<td>16/08/04</td>
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<td>1 &amp; 4</td>
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<td>6</td>
<td>23/08/04</td>
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<td>3 &amp; 4</td>
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<td>30/08/04</td>
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<td>06/09/04</td>
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SCHOOL OF ACCOUNTING & FINANCE

ESSAY COVER SHEET

Student's Name:
Student's Number:

Due Date: ___________________ Date Submitted: ___________________

DECLARATION: I certify that this is entirely my own work, except where I have given fully-documented references to the work of others, and that the material contained in this essay has not previously been submitted for assessment in any formal course of study.

Signature: ________________________________

PLAGIARISM: Plagiarism is CHEATING. The penalty for deliberate plagiarism is FAILURE in the subject.

PLEASE NOTE: Students must retain a copy of any work submitted in this course

Comments