Subject Outline

FIN 425/925 - BANKING THEORY & PRACTICE
Wollongong Campus

6 Credit Points
Autumn 2004

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

School of Accounting and Finance
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Subject Details

Description
FIN 425/925 Banking Theory & Practice focuses on aspects of practices and operations of banks within the banking sector. The subject integrates with both the Finance and Accounting specialisations offered by the School of Accounting & Finance. 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.

Objectives
On successful completion of this subject students 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 new developments in banking technology over a period of time.

7. demonstrate an understanding of commercial and consumer lending practices.
Subject Details (Cont.)

Method of Delivery
One and a half hours of lectures.
Half an hour of tutorial.

Study Time
Two hours per week including class attendance.

Lecture/Tutorial Times

<table>
<thead>
<tr>
<th>Lecture Day</th>
<th>Time</th>
<th>Place</th>
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<tbody>
<tr>
<td>Monday</td>
<td>10.30am – 12.30pm</td>
<td>67.302</td>
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</tbody>
</table>

Major Text
Hogan et al., W (2004), Management of Financial Institutions, John Wiley & Sons Australia Ltd.
Subject Details (Cont.)

References

The following text book have been placed on closed reserve to assist you in preparation for the essay:


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. 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 during the lectures.

Student Administration

Telephone 61 2 4221 3938
Facsimile 61 2 4221 4322
Email studentq@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

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<tr>
<th>Grade</th>
<th>Description</th>
<th>Percentage</th>
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<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>
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<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 University within three weeks of the end of the formal examination period. Students will be notified of the exam at least seven days beforehand via SOLS.

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: 05/04/04
Return Date: To be advised later during the lectures
Weighting: 30%
Length: 3000 words

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: Typed in one or two pages and to be shown to the lecturer at the beginning of each tutorial

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
Submission Requirements

ESSAY TOPIC

Due Date: 5th April 2004

The Wallis recommendations on the deregulation of the Australian banking system, has encouraged a stronger competition within the banking system, for example, lending. However, this level of competition has been to the advantage of the four major commercial banks. With this change in focus there are questions about the lending principles and policies used and how deregulation has affected this lending process.

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

Requirements:

a) The essay should be 3000 words (anything in excess of 3000 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 5th April 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).
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 co-ordinator

Accounting Review acknowledgment methods are 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 via SOLS and as per University policy.

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

Late Submission

Three marks penalties per day will be applied for late submissions in this course. The essay if not submitted after 14 days will receive a zero mark, however, a copy of the essay is required to complete the 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 425/925 - Banking Theory & Practice**  
**Lecture Schedule - [Autumn 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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</thead>
<tbody>
<tr>
<td>2</td>
<td>01/03/04</td>
<td>The Australian Financial Environment</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>08/03/04</td>
<td>Financial Statements (A Banker’s Perspective)</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>15/03/04</td>
<td>Bank’s Evaluation of Risks, Returns &amp; Performance</td>
<td>3 &amp; 4</td>
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<tr>
<td>5</td>
<td>22/03/04</td>
<td>Bank’s Management: Liability, Liquidity, Securities Portfolio</td>
<td>5, 6, 7</td>
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<td>6</td>
<td>29/03/04</td>
<td>Bank’s Capital Management</td>
<td>8</td>
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<tr>
<td>7</td>
<td>05/04/04</td>
<td>Bank’s Credit Organisation, Bank’s Selection and Management of Loan Portfolio</td>
<td>9 &amp; 10</td>
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<td><strong>Essay Due in Lectures on 05/04/04</strong></td>
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<tr>
<td>8</td>
<td>19/04/04</td>
<td>Commercial Lending</td>
<td>11</td>
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<td>9</td>
<td>26/04/04</td>
<td>Consumer Lending</td>
<td>12</td>
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<tr>
<td>10</td>
<td>03/05/04</td>
<td>Bank’s Financial Futures &amp; Forwards, Bank’s Interest Rate Options</td>
<td>13, 14</td>
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<td>11</td>
<td>10/05/04</td>
<td>Bank’s Interest Rate Swaps, International Banking</td>
<td>15, 16</td>
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<td>12</td>
<td>17/05/04</td>
<td>Banking Technology, Country Risk Evaluation, Cheque Clearing System</td>
<td>TBA, TBA, TBA</td>
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<td>13</td>
<td>24/05/04</td>
<td>Review</td>
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Please Note: Other reading materials will be assigned during the lectures each week.

EASTER RECESS 09/04/04 - 16/04/04
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SCHOOL OF ACCOUNTING & FINANCE

ESSAY COVER SHEET
FIN 425/925 – BANKING THEORY & PRACTICE ESSAY

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.

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

Signature: ____________________________

Comments & Marks: