

Syllabus¹

FIN660/FIN460: Special Topics in Banking Spring, 2017

January 30, 2017

Course:	FIN660/FIN460 Section 001.
Lecture Time and Location:	TR 4:30 - 5:45pm (Guest Lecture Series B ends at 6:00pm) at BusAd C101.
Instructor:	Prof. Jiakai Chen.
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Office Hours and Location:	Friday 2-4pm at BusAd E602h, or by appointment.

1 Objective

It is important to keep up with the new trends in the financial services industry in today's dynamic world. Based on lectures, readings, case studies, and most importantly talks from prominent guest speakers, this class prepares you to be familiar with the real business issues of financial services industry today. The most critical part of the course is the guest lecture, from which you will learn the business decision-making processes, considerations behind critical business strategies, regulatory environment, and job market opportunities/perspectives with a focus on Hawaii.

This class will also cover the essentials of using Bloomberg Terminal, the most widely used information platform in the financial services industry. After the class, you are expected to pass

¹The syllabus is subject to change as the semester progresses. Please check <https://laulima.hawaii.edu/x/PERhSf> for the latest update.

²The preferred communication method is E-mail, in particular, the Mailtool in Laulima. If you are sending me regular E-mails, please begin the subject line with [FIN460-001] so that the message will not be intercepted by my spam filter.

the Bloomberg Essentials training/exam and get Bloomberg certified.

The course compliments FIN430, Bank Financial Management, and FIN435, Banking and Capital Markets. Nevertheless, this class has a more flexible structure and leans towards practical problems and skills than theoretical knowledge. Consistent with the mission and academic focus of the Shidler College of Business, the course concentrates on the banking sector of Hawaii. The global emphasis of this course will be in the Asia-Pacific region.

2 Prerequisites:

Two critical prerequisites are a genuine interest in the industry of financial services, and an unflinching determination of obtaining a job and growing your career in the industry. Other prerequisites include BUS314, and preferably FIN430. We will only use simple algebra and statistics in class. While more advanced math is used in the text, you can read it or skim over it as your background permits.

3 Materials

Recommended Reading:

Fabozzi, Frank J. *Capital markets: institutions, instruments, and risk management*, (5th ed.). MIT Press, 2015.

Mishkin, Frederic S., and Stanley G. Eakins. *Financial markets and institutions*, (7th ed.). Prentice Hall, 2011.

Lecture Notes and Readings: Lecture notes and readings will be posted in advance on Laulima, as will web links to videos and articles referenced in class. You are encouraged to download lecture notes and bring them to class, to facilitate note-taking and comprehension of the material presented. This syllabus can be downloaded from Laulima as well.

4 Course Outline

1. Background Knowledge

(a) Lecture 1 - Introduction.

- Why study financial assets, markets and institutions?
- Financial markets, assets and securities.

(b) Lecture 2 - Financial assets, markets and institutions.

- Categories of financial assets: debt vs. equity; safe vs. risky; liquid vs. illiquid; etc.
- Categories of financial markets: primary vs. secondary.

- Flow of fund and market sectors.
 - Categories of financial institutions.
- (c) Lecture 3 - Depository Institutions.
- Taxonomy of depository institutions: commercial banks, bank holding companies, thrifts, savings and loan associations, savings banks, and credit unions.
 - Business model.
- (d) Lecture 4 - Asset Management Firms and Investment Banking Firms.
- What is a asset management firm and its business model.
 - What is an investment banking firm and its capital market business.
- (e) Lecture 5 - Financial technology.
- Blockchain
 - P2P lending
 - Crowd funding
- (f) Lecture 6 - Financial Crisis.
- Asymmetric information and financial crisis.
 - The 2007 - 2009 financial crisis.
- (g) Lecture 7 - Bank regulation.
- Regulation of financial markets and institutions.
 - Regulatory bodies: SEC, CTFC, Fed, OTS, and OCC.
 - Capital requirement and liquidity requirement.
 - Basel accords.

2. Guest Lecture Series A - The Banking Industry in Hawaii

- (a) An Overview of the Hawaii Banking Market *by Peter Biggs, Vice Chairman and Chief Retail Officer Retired, Bank of Hawaii*
- (b) Branch Banking - Sales Management *by Johnathan Choe, Executive Vice President Retail Banking, American Savings Bank*
- (c) Wealth Management Overview *by Vince Bartfield, Senior Executive Vice President Wealth Management, Bank of Hawaii*
- (d) Credit Unions in Hawaii *by Craig Warren, Executive Vice President Hawaii State Federal Credit Union*
- (e) Bank Marketing - Product Development, Pricing, Brand Management *by Peter Biggs, Vice Chairman and Chief Retail Officer Retired, Bank of Hawaii*
- (f) Information Technology in Banking *by Derek Baughman, Senior Vice President Information Technology, First Hawaiian Bank*

- (g) Finance - Role of Controller & Treasurer *by Dean Shigemura, Senior Executive Vice President Controller and Chief Accounting Officer, Bank of Hawaii*
 - (h) Business Unit Strategic Planning - Digital Channels *by David Oyadomari, Senior Executive Vice President Digital Channels Bank of Hawaii*
 - (i) First Hawaiian Bank IPO and Investor Relations *by Mike Ching, Executive Vice President Chief Financial Officer, First Hawaiian Bank, and Kevin Haseyama, Senior Vice President, Strategic Planning & Investor Relations Manager, First Hawaiian Bank*
3. Guest Lecture Series B - The Regulation and Compliance *by Gary Tidwell, Senior Advisor, IOSCO*
- (a) Current state of compliance
 - (b) Madoff Associates criminal litigation and compliance
 - (c) Insider trading
 - (d) Handling retail customer disputes
 - (e) Auditors and the “auditing” of compliance work
 - (f) Conclusion
4. Financial Analytics - Certification of Bloomberg Market Concepts
- (a) Quick overview of Bloomberg system.
 - (b) Bloomberg Training. In order to get the certificate of the Bloomberg Market Concepts, the student need to use a Bloomberg terminal to go through the following four e-learning modules: economic indicators, currencies, fixed income, and equities.

5 Requirements

Attendance Policy: Attendance is highly recommended, and required for guest lectures. Experience indicates that there is a strong and positive correlation between attendance and exam scores. Class participation will be documented, and count as a significant portion of the final grade.

Group Project and Presentation: In a group of four to five individuals, students will make presentation on their selected topics in class.

Examinations: There will be no mid-term or final exams. Nevertheless, part of the final grade depends on whether the students have got Bloomberg certified by passing the exam of Bloomberg Essentials.

Grading: Your course grade will be based on a reasonable curve over the weighted sum of grades accumulated on the assignments, projects and exams. The weighting scheme is:

- Homeworks 10%
- Bloomberg 20%
- Class participation 40%
- Final project 30%

The guidelines for letter grades are as follows. Plus or minus grades will be used to distinguish performance within letter grades.

- A = demonstrates outstanding mastery of topics and outstanding ability to apply and extend concepts;
- B = demonstrates above-average mastery of topics and ability to apply them;
- C = demonstrates mastery of topics and ability to apply them;
- D = inadequate demonstration of topic mastery and application;
- F = grossly inadequate demonstration of topic mastery and applications.

6 Administration

Students with Disabilities: Students with disabilities are encouraged to contact me and the KOKUA Program for accommodations. For more information about the KOKUA Program, visit <http://www.hawaii.edu/kokua/>.

Academic Honesty: Students are expected to be responsible in relations with other members of the UH Manoa community, respect the interests of the institution, and follow the Student Code of Conduct, which is available at: http://www.studentaffairs.manoa.hawaii.edu/policies/conduct_code/. Violations of this code include matters of alleged academic dishonesty, such as cheating and plagiarism. According to the Code of Conduct:

The term "cheating" includes, but is not limited to: (1) use of any unauthorized assistance in taking quizzes, tests, or examinations; (2) use of sources beyond those authorized by the instructor in writing papers, preparing reports, solving problems, or carrying out other assignments; (3) the acquisition, without permission, of tests or other academic material belonging to a member of the UH faculty, staff or student (4) engaging in any behavior specifically prohibited by a faculty member in the course syllabus or class discussion.

The term "plagiarism" includes, but is not limited to, the use, by paraphrase or direct quotation, of the published or unpublished work of another person without full and clear acknowledgement. It also includes the unacknowledged use of materials prepared by another person or agency engaged in the selling of term papers or other academic materials.

All incidents will be handled in accordance with the UH Student Code of Conduct.

7 Schedule

The schedule is subject to change as the semester progresses. Students should check the Laulima course website one day before each class meeting.

TUESDAY	THURSDAY
<div>Jan 10th</div> <div>[Lec 1] Introduction.</div> <div>1</div>	<div>12th</div> <div>[Lec 2] Financial assets, markets and institutions.</div> <div>2</div>
<div>17th</div> <div>[Bloomberg 1] Getting Started.</div>	<div>19th</div> <div>[Lec 3] Depository Institutions.</div> <div>3</div>
<div>24th</div> <div>[Bloomberg 2] Economic Indicators.</div>	<div>26th</div> <div>[Lec 4] Asset Management Firms and Investment Banking Firms.</div> <div>4</div>
<div>31st</div> <div>[Guest Lec. A1] An Overview of the Hawaii Banking Market <i>by Peter Biggs, Vice Chairman and Chief Retail Officer Retired, Bank of Hawaii</i></div>	<div>Feb 2nd</div> <div>[Guest Lec. A2] Finance - Role of Controller & Treasurer <i>by Dean Shigemura, Senior Executive Vice President Controller and Chief Accounting Officer, Bank of Hawaii</i></div>
<div>7th</div> <div>[Bloomberg 3] Currencies.</div>	<div>9th</div> <div>[Guest Lec. A3] Wealth Management Overview <i>by Vince Bartfield, Senior Executive Vice President Wealth Management, Bank of Hawaii</i></div>
<div>14th</div> <div>[Bloomberg 4] Fixed Income.</div>	<div>16th</div> <div>[Guest Lec. A4] Credit Unions in Hawaii <i>by Craig Warren, Executive Vice President Hawaii State Federal Credit Union</i></div>
<div>21st</div> <div>[Bloomberg 5] Equities.</div>	<div>23rd</div> <div>[Guest Lec. A5] Branch Banking - Sales Management <i>by Johnathan Choe, Executive Vice President Retail Banking, American Savings Bank</i></div>

TUESDAY		THURSDAY	
28th		Mar 2nd	
[Bloomberg 6] Summary.		[Guest Lec. A6] Information Technology in Banking <i>by Derek Baughman, Senior Vice President Information Technology, First Hawaiian Bank</i>	
7th		9th	
[Guest Lec. A7] Bank Marketing - Product Development, Pricing, Brand Management <i>by Peter Biggs, Vice Chairman and Chief Retail Officer Retired, Bank of Hawaii</i>		[Guest Lec. A8] Business Unit Strategic Planning - Digital Channels <i>by David Oyadomari, Senior Executive Vice President Digital Channels Bank of Hawaii</i>	
14th	5	16th	6
[Lec 5] Financial technology.		[Lec 6] Financial crisis.	
21st	7	23rd	
[Lec 7] Introduction of financial regulation.		[Guest Lec. A9] First Hawaiian Bank IPO and Investor Relations <i>by Mike Ching, Executive Vice President Chief Financial Officer, First Hawaiian Bank, and Kevin Haseyama, Senior Vice President, Strategic Planning & Investor Relations Manager, First Hawaiian Bank</i>	
28th		30th	
Spring Break		Spring Break	
Apr 4th		6th	
[Guest Lec. B1] Current state of compliance		[Guest Lec. B2] Madoff Associates Criminal Litigation and Compliance	
11th		13th	
[Guest Lec. B3] Insider Trading		[Guest Lec. B4] Handling Retail Customer Disputes	
18th		20th	
[Guest Lec. B5] Auditors and the “Auditing” of Compliance Work		[Guest Lec. B6] Conclusion	
25th	8	27th	9
Summary		Final project presentations	
May 2nd	10	4th	
Final project presentations		End of semester study day. No class.	