

Identification	Name of course, its code, and number of credits	FIN 850 Financial Markets and Institutions, 3KU credits (6ECTS credits)	
	Program	Graduate	
	Department	Economics and Management	
	Term	Fall 2025	
	Instructor	Nigar Ismaylova,	
	Classroom/hours		
Prerequisites	FIN 830 Financial Management		
Language	English		
Compulsory/Elective	Compulsory		
Textbooks and course materials	Financial Markets and Institutions, ME Mishkin and Eakins Addison-Wesley, 10th edition 2024		
Teaching methods			Points
	Case analysis		x
	Group discussion		x
	Lab		
	Lecture		x
	Recitation		x
	Others		
Evaluation Criteria	Methods	Date/deadlines	Percentage (%)
	Midterm Exam		30
	Class Activity		5
	Class Attendance		5
	Quizzes		10
	Project		10
	Final Exam		40
	Total Points		100
Course objectives	The objective of the course is to prepare students for today’s dynamic financial environment and to provide a comprehensive understanding about financial markets, their players and instruments. The objectives are: (1) to provide a perspective on how financial markets and institutions fit in to the economy; (2) to help you understand the importance of money, credit, and interest rates; (3) to describe the function of various financial markets - money markets, equity markets, derivatives markets, and their numerous financial instruments; (4) to help students to understand the regulations and objectives of government agencies such as Fed (Federal Reserve Bank); (5) to provide a perspective on the business of financial institutions such as commercial/investment banks, investment funds; and (6) to provide the terminology used in financial markets.		
Course outline	The course will cover concepts of financial theory, institutional detail, regulations, and the history of the financial markets. Students will be exposed to legal, ethical, technological, and global issues facing financial managers, financial markets, and the financial assets traded in these markets.		
Course learning outcomes	By the end of the course, students should be able to: a) describe the role and structure of the financial system and its various institutions; b) explain key concepts such as financial claim, financial intermediation and financial market;		

1		Chapter 1,2. Introduction to the course, the Financial System - An Overview of financial institutions - Fundamentals of Financial Markets - Structure of Financial system	CHAPTER 1,2
2		Chapter 3,4. How Interest Rates Are Determined - Bond Prices, Bond Yields, and Interest Rate Risk - The Structure of Interest Rates - The Federal Reserve, Monetary Policy and Interest Rates	CHAPTER 3.4
3		Chapter 5: How Do Risk and Term Structure Affect Interest Rates? - Risk Structure of Interest Rates - Term Structure of Interest Rates - Expectation Theory	CHAPTER 5
4		Chapter 6: ARE FINANCIAL MARKETS EFFICIENT? The Efficient Market Hypothesis Evidence on the Efficient Market Hypothesis Behavioral Finance	CHAPTER 6,
5		Chapter 7: Why Do Financial Institutions Exist? Basic Facts About Financial Structure Throughout the World Transaction Costs Asymmetric Information: Adverse Selection and Moral Hazard	CHAPTER 7
6		Chapter 8 : Why Do Financial Crises Occur and Why Are They So Damaging to the Economy? Asymmetric Information and Financial Crises Dynamics of Financial Crises in Advanced Economies Dynamics of Financial Crises in Emerging Market Economies	CHAPTER 8
7		Chapter 9,10: Central Banking and Conduct of Monetary Policy Origins of the Federal Reserve System Structure of the Federal Reserve System Structure and Independence of the European Central Banks Structure and Independence of other Foreign Central Banks Explaining Central Bank Behavior	CHAPTER 9,10. Quiz #1 (Chapter 1-8)
8		Midterm exam Chapter 11. Understanding Money Markets - Background on money market securities - How institutional investors use money markets - Globalization of money markets	CHAPTER 11
9		Chapter 12. Understanding of Bond Markets - Informational Background On Treasury, Municipal, and Corporate Bonds - Role of Bonds To Institutional Investor - Globalization of Bond Markets	CHAPTER 12
10		Chapter 13. Understanding Stock Markets - Stock exchanges where stocks are traded - Institutional use of stock markets - Stock Valuation and Risk - Globalization of stock markets	CHAPTER 13
11		Chapter 14. Understanding Mortgage Markets - Contraction and extension risks; - Credit risk and enhancement - Characteristics of residential mortgages - Common types of creative mortgage financing	CHAPTER 14

12		Chapter 15. Understanding Foreign Exchange Markets - Market practices, functions and principles - Characteristic and instruments - Foreign Exchange Derivatives - Participants of foreign exchange markets Chapter 16. The International Financial System - Intervention in the foreign exchange market - Balance of Payment - Evolution of the international financial system - The European Monetary System and Monetary Union	CHAPTER 15, CHAPTER 16
13		Chapter 17, 18 Banking and the Management of Financial Institutions and Financial Regulation - The Bank Balance Sheet - Basic Banking - General Principles of Bank Management - Off-Balance-Sheet Activities - Measuring Bank Performance - Asymmetric Information and Financial Regulation - Types of Financial Regulation - The 1980s U.S. Banking Crisis - Federal Deposit Insurance Corporation Improvement Act of 1991 - Banking Crisis Throughout the World	CHAPTER 17, CHAPTER 18 Quiz #2 (Chapter 9-15)
14		Chapter 20 The Mutual Fund Industry - The Growth of Mutual Funds - Benefits of Mutual Funds - Mutual Fund Structure - Investment Objective Classes - Hedge Funds	CHAPTER 20
15		Chapter 21: Insurance Companies and Pension Funds - Different types of life insurance policies - Main uses of insurance company funds - How insurance companies are regulated - Different types of private pension funds - How pension funds can become underfunded and overfunded	CHAPTER 21
		Final Exam (Chapter 1-21)	

Note: This course syllabus provides only a general and tentative plan for the course. Deviations may be made when necessary.

Useful web links

Financial Times – www.ft.com

The Economist – www.economist.com

International Monetary Fund – www.imf.org/external/about.htm

Bureau of Economic Analysis – www.bea.doc.gov

<https://www.youtube.com/watch?feature=youtu.be&v=VVghw3YrHis>

<https://voxeu.org/article/rise-dollar-and-fall-euro-global-asset-trade>

https://www.globalfxc.org/fx_global_code.htm

https://www.bis.org/statistics/rpfx19_fx.htm

1. Archive of Finance & Development (F&D) Issues

<http://www.imf.org/external/pubs/ft/fandd/fda.htm>

2. Journal of International Financial Markets, Institutions and Money

<http://www.sciencedirect.com/science/journal/10424431>

3. <http://www.economist.com>

4. Public Policy Journal -

<http://rru.worldbank.org/PublicPolicyJournal/>

5. National Bureau of Economic Research-

<http://www.nber.org/papers>

6. Social Science Research Network -

<http://papers.ssrn.com>

Paper topics:

1. The evolution and implementation of investment banking in emerging markets.
2. European financial centers after Brexit
3. Technological changes and financial intermediation
4. Financial intermediation in an era of transformational technology
5. Securitization, shadow banking & financial fragility
6. Crypto currencies and financial stability
7. Future of stock market after Covid-19
8. Role of Non-bank Finance.
9. Derivatives markets and private investing
10. The challenges of financial institutions in emerging economies
11. Cashless economy and financial intermediation
12. The Role of Fintech in Financial Inclusion
13. Evaluating the role of investment banks in facilitating mergers and acquisitions in emerging markets