

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Business Administration)**

FINANCIAL MARKETS AND INSTITUTIONS (8525)

CHECK LIST

SEMESTER: SPRING, 2014

This packet comprises following material:

1. Text book (One)
2. Course Outline
3. Assignment No. 1, 2
4. Assignment Forms (2 sets)

In this packet, if you find anything missing out of the above-mentioned material, please contact at the address given below:

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ALLAMA IQBAL OPEN UNIVERSITY ISLAMABAD
(Department of Business Administration)

WARNING

- 1. PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
- 2. SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

Course: Financial Markets and Institutions
Level: MBA (3 ½) and MBA (2 ½) years

Semester: Spring, 2014
Total Marks: 100

ASSIGNMENT No. 1

Note: All questions carry equal marks. Attempt all the questions to be supported by examples with reference Pakistan. Study the guidelines before attempting the questions.

- Q. 1 Explain the concept of global financial markets. Critically discuss the trading mechanism of global financial markets in detail.
- Q. 2 Explain the concept of monetary policy. Critically discuss the impact of monetary policy on financial markets in developing countries like Pakistan with examples.
- Q. 3 Explain the concept of money market securities. Critically discuss the globalization of money market securities and its impact globally as a whole and individual economy like Pakistan.
- Q. 4 Explain the concept of international bond? Critically discuss the various risks involved in trading of international bond. How could these risks be avoided? Discuss the with examples.
- Q. 5 Explain the concept of residential mortgage. Critically discuss the characteristics of residential mortgage and problems associated with special reference to Pakistan. Discuss with examples that how to solve these problems.

GUIDELINES FOR ASSIGNMENT No. 1

You should look upon the assignments as a test of knowledge, management skills, and communication skills. When you write an assignment answer, you are indicating your knowledge to the teacher:

- Your level of understanding of the subject;
- How clearly you think;
- How well you can reflect on your knowledge & experience;
- How well you can use your knowledge in solving problems, explaining situations, and describing organizations and management;
- How professional you are, and how much care and attention you give to what you do.

To answer a question effectively, address the question directly, bring important related issues into the discus also be able to identify important problems and implications arising from the answer.

For citing references, writing bibliographies, and formatting the assignment, APA format should be followed.

ASSIGNMENT No. 2

(Units: 1–9)

Total Marks: 100

This assignment is a research-oriented activity. You are required to obtain information from a business/commercial organization and prepare a report of about 1000 words on the issue allotted to you to be submitted to your teacher for evaluation. Discuss your topic by giving examples of organizations and markets etc. in Pakistan.

You are required to select one of the following issues according to the last digit of your roll number. For example, if your roll number is P-3427186 then you will select issue # 6 (the last digit):-

List of Issues/Topics

0. Financial Markets has significant role in the economic development of a country. Students are advised to study the financial markets in Pakistan and analyze their impact on the economy.
1. Monetary policy is one of the important tools for credit control in the economy. Students are advised to study the latest monetary policy and analyze its impact on the financial markets in Pakistan.
2. There is various investment strategies used for bonds in financial markets. Students are advised to study and analyze the investment strategies used for bonds in Pakistan.
3. Mortgage business is one of the important businesses of any country. Students are advised to study and analyze the mortgage markets and their impact on the economy of Pakistan.

4. Stock exchange market has significant role in the economic development of a country. Students are advised to study and analyze the impact of stock exchange market on the economy of Pakistan.
5. Swap market is one of the important financial markets in the economy. Students are advised to study and analyze the swap markets and their impact on the economy of Pakistan.
6. Financial institutions have significant role in the economy. Students are advised to study and analyze the structure and role of financial institutions of Pakistan.
7. Growth and mix concept has significant role in mutual fund management. Students are advised to study and analyze the growth and mix concept of mutual fund institution in Pakistan.
8. Insurance companies have important role saving sector of economy. Students are advised to study and analyze the arrangement and working of any insurance company in Pakistan.
9. Pension funds are one of the key funds plying key role in development of an economy. Students are advised to study and analyze the participatory role of pension funds in financial markets.

The report should follow the following format:

1. Title page
2. Acknowledgements
3. An abstract (one page summary of the paper)
4. Table of contents
5. Introduction to the issue (brief history & significance of issue assigned)
6. Practical study of the organization (with respect to the issue)
7. Data collection methods
8. SWOT analysis (strengths, weaknesses, opportunities & threats) relevant to the issue assigned
9. Conclusion (one page brief covering important aspects of your report)
10. Recommendations (specific recommendations relevant to issue assigned)
11. References (as per APA format)
12. Annexes (if any)

GUIDELINES FOR ASSIGNMENT No. 2:

- 1.5 line spacing
- Use headers and subheads throughout all sections
- Organization of ideas
- Writing skills (spelling, grammar, punctuation)
- Professionalism (readability and general appearance)
- Do more than repeat the text
- Express a point of view and defend it.

WORKSHOPS:

The workshop presentations provide you opportunity to express your communication skills, knowledge & understanding of concepts learned during practical study assigned in assignment No. 2.

You should use transparencies and any other material for effective presentation. The transparencies are not the presentation, but only a tool; the presentation is the combination of the transparencies and your speech. Workshop presentation transparencies should only be in typed format.

The transparencies should follow the following format:

- 1) Title page
- 2) An abstract (one page summary of the paper)
- 3) Introduction to the issue (brief history & significance of issue assigned)
- 4) Practical study of the organization (with respect to the issue)
- 5) Data collection methods
- 6) SWOT analysis (strengths, weaknesses, opportunities & threats) relevant to the issue assigned
- 7) Conclusion (one page brief covering important aspects of your report)
- 8) Recommendations (specific recommendations relevant to issue assigned)

GUIDELINES FOR WORKSHOP PRESENTATION:

- Make eye contact and react to the audience. Don't read from the transparencies or from report, and don't look too much at the transparencies (occasional glances are acceptable to help in recalling the topic to cover).
- A 15-minute presentation can be practiced several times in advance, so does that until you are confident enough. Some people also use a mirror when rehearsing as a substitute for an audience.

WEIGHTAGE OF THEORY & PRACTICAL ASPECTS IN ASSIGNMENT No. 2 AND WORKSHOP PRESENTATIONS:

Assignment No. 2 & workshop presentations are evaluated on the basis of theory & its applicability. The weightage of each aspect would be:

Theory:	60%
Applicability (practical study of the organization):	40%

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Course: **Financial Markets and Intuitions**
Level: **MBA (3 ½) and MBA (2 ½) Years**

Course Code: **8525**
Credit hours: **03**

Unit 1 Overview of Financial Markets and Institutions

- 1.1. Role of Financial Markets and Financial Institutions
- 1.2. Securities Traded at Financial Markets and Their Valuation
- 1.3. Global Financial Markets and Global Expansion by Financial Markets

Unit 2 Monetary Policy and Money Markets

- 2.1. Mechanics, Trade Off and Impacts of Monetary Policy
- 2.2. Institutional Use of Money Market
- 2.3. Monetary Policy in Global Environment
- 2.4. Valuation of Money Market Securities and Risk Involved
- 2.5. Interaction among Money Markets Yields and Globalization of Money Markets

Unit 3 Bond Markets

- 3.1. Overview of Bond and Their Types
- 3.2. Institutional Use of Bond Market and Globalization of Bond Market
- 3.3. Bond Market Efficiency
- 3.4. Returns and Risk of International Bonds
- 3.5. Bond Investment Strategies

Unit 4 Mortgage Markets

- 4.1. Mortgage: Concept and Valuation
- 4.2. Risk Involved in Mortgages
- 4.3. Residential Mortgage Characteristics
- 4.4. Institutional Use of Mortgage Market
- 4.5. Mortgage Credit Crises and Its Impact
- 4.6. Globalization of Mortgage Market

Unit 5 Equity Markets

- 5.1. Stock Offering and Monitoring Publicly Trading Companies
- 5.2. Stock Valuation Methods and Stock Risks
- 5.3. Foreign Stock Valuation
- 5.4. Performance and Efficiency of Stock Market
- 5.5. Execution of Stock Market Transactions
- 5.6. Globalization of Stock Markets

Unit 6 Swap and Foreign Exchange Derivative Markets

- 6.1. Background of Foreign Exchange Markets
- 6.2. Factors Affecting Foreign Exchange Rate
- 6.3. Background of Swap Markets
- 6.4. Credit Default Swap
- 6.5. Rates, Derivatives and International Arbitrage

Unit 7 Thrift and Financial Operations

- 7.1. Overview of Saving Institutions
- 7.2. Exposure to Crises
- 7.3. Sources and Uses of Funds
- 7.4. Exposure to Risk
- 7.5. Regulations and Valuation of Financial Institutions
- 7.6. Multinational Financial Companies

Unit 8 Mutual Funds and Securities Operations

- 8.1. Mutual Funds: Concept and Categories
- 8.2. Growth and Mix Concept
- 8.3. Performance of Mutual Funds
- 8.4. Impact of Credit Crises on Security Firm
- 8.5. Globalization of Securities Markets

Unit 9 Insurance and Pension Funds Operations

- 9.1 Overview of Insurance Companies
- 9.2 Regulation and Valuation of Insurance Companies
- 9.3 Multinational Insurance Corporations
- 9.4 Background of Pension Funds, Management and Performance
- 9.5 Pension Funds Participation in Financial Markets

Recommended book

Madura, J. (2010). *Financial markets and institutions*. 9th. Mason OH. South-Western Cengage Learning.

Additional Readings

Peter, H. and Keith, B. (2007). *Financial markets and institutions*. Prentice Hall

Stephen, V. (2007). *An introduction to global financial market*. Palgrave Publications.

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