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## SYLLABUS

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**Date/ Revision**    March 6, 2017  
**Faculty**             Business and Social Sciences  
**Approval**            Dr. Samuel Prasetya

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### SUBJECT : MONEY & CAPITAL MARKET

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#### 1. Identification of Subject:

Name of Subject    : Money & Capital Market  
Code of Subject    : MOCM-2000  
SKS / ECTS         : 3 SKS  
Semester            : 4  
Study Program     : B-MGT/B-IBA  
Lecturer            : Dr. Satiri, Dr. Wiryawan & Dr. Samuel Prasetya

#### 2. Competency

After having the course, students are expected to:

- a) understand the Financial Market and Institution
- b) understand the Fundamentals of Financial Markets
- c) understand the Fundamentals of Financial Institutions
- d) understand the Central Banking and the Conduct of Monetary Policy
- e) have the ability to analyze the Management of Financial Institutions
- f) understand the Financial Markets
- g) understand the The Financial Institutions Industry

#### 3. Description of Subject:

Money and capital Markets presents the major theories of the impact of inflation, government spending, and monetary policy upon interest rates. In order to emphasize factors determining the prices and risks of financial instruments, descriptive information about institutions is kept to a minimum. The links between different types of securities are shown through risk-free arbitrage. this allows lecturers and students to establish frameworks for linking different types of bonds and connecting futures markets with spot markets.

#### 4. Learning Approach

Approach            : Combination of expository - inquiry and collaborative  
Method             : Discussions, questions/answers, sample problems/cases  
Student Task       : Quizzes and group projects  
Media                : LCD projector

#### 5. Evaluation

- a) Non-attendance maximum    : 25%

- b) Homework/Projects : 20 points
- c) Presentation, Simulation : 10 points
- d) Quiz : 10 points
- e) Final Examination : 60 points
- Total : 100 points

## 6. Contents/Topics of Lecturing:

Week	Content / Topics of Lecturing	Text Book Chapter	Remark
1	Financial Assets and Financial Markets <ul style="list-style-type: none"> <li>• Learning Objectives</li> <li>• Financial Assets</li> <li>• Financial Markets</li> <li>• Derivative Markets</li> <li>• Financial Markets and the Real Economy</li> </ul>	Chapter 1	
2	Overview of Risks and Risk Management Organization Structure & Overview of Market Participants <ul style="list-style-type: none"> <li>• Investors and Issuers</li> <li>• Financial Institutions</li> <li>• Role of Governments in Financial Markets</li> <li>• Credit Rating Agencies</li> <li>• Defining Risk</li> <li>• Financial Risk Management</li> <li>• Investment Risk</li> <li>• Funding Risk</li> </ul>	Chapter 2 & 3	
3	Depository Institutions & Insurance Companies and Defined Benefit Pension Plans <ul style="list-style-type: none"> <li>• The Asset/Liability Problem of Depository Institutions</li> <li>• Regulators of Banks</li> <li>• Bank Regulation</li> <li>• Insurance Companies</li> <li>• Defined Benefit Pension Funds</li> </ul>	Chapter 4 & 5	
4	Managers of Collective Investment Vehicles & Investment Banking Firms <ul style="list-style-type: none"> <li>• Investment Company Shares</li> <li>• Exchange-Traded Funds</li> <li>• Hedge Funds</li> <li>• Venture Capital Funds</li> <li>• Public Offering (Underwriting) of Securities</li> <li>• Mergers and Acquisitions</li> <li>• Trading and Creation of Derivative Instruments</li> </ul>	Chapter 6 & 7	Quiz 1 Draft 1
5	Primary and Secondary Markets <ul style="list-style-type: none"> <li>• Primary Market</li> </ul>	Chapter 8	

Week	Content / Topics of Lecturing	Text Book Chapter	Remark
	<ul style="list-style-type: none"> <li>Secondary Markets</li> <li>Role of Brokers and Dealers in Real Markets</li> </ul>		
6	<p>Introduction to Linear Payoff Derivatives: Futures, Forwards, and Swaps</p> <ul style="list-style-type: none"> <li>Classification of Derivatives</li> <li>Types of Linear Payoff Derivative Contracts</li> <li>Pricing of Futures and Forward Contracts</li> <li>General Principles of Hedging with Futures</li> <li>The Role of Linear Payoff Derivatives in Financial Markets</li> <li>Effect of Futures and Swaps on the Volatility of the Underlying Asset</li> </ul>	Chapter 9	
7	Review	Chapter 1-9	Quiz 2 Draft 2
8	<b>Semester Break: Only Make-Up Classes</b>		
9	<p>Introduction to Nonlinear Payoff Derivatives: Options, Credit Default Swaps, Caps, and Floors</p> <ul style="list-style-type: none"> <li>Types of Nonlinear Payoff Derivatives</li> <li>Pricing of Options</li> <li>Economic Role of Nonlinear Payoff Derivatives</li> </ul>	Chapter 10	
10	<p>Securitization and Its Role in Financial Markets</p> <ul style="list-style-type: none"> <li>Securitization and the Creation of a Securitized Product</li> <li>Benefits of Securitization to Financial Markets</li> <li>Concerns with Securitization</li> <li>Need for the Development of an Accommodating Legal Structure</li> <li>Securitization as a Corporate Risk Management Tool</li> <li>The Subprime Mortgage Crisis and Securitization</li> <li>The Dodd-Frank Act and Securitization</li> </ul>	Chapter 11	
11	<p>Return Distributions and Risk Measures</p> <ul style="list-style-type: none"> <li>Measuring the Rate of Return</li> <li>Return Distributions</li> <li>Joint Probability Distributions</li> <li>Portfolio Risk Measures</li> <li>Reward-Risk Ratios</li> </ul>	Chapter 12	
12	<p>Portfolio Selection Theory</p> <ul style="list-style-type: none"> <li>The Notion of Portfolio Diversification</li> <li>Markowitz Portfolio Theory</li> <li>Criticisms of Portfolio Theory</li> <li>Markowitz Portfolio Theory in Practice</li> </ul>	Chapter 13	Quiz 3 Draft 3
13	Asset Pricing Theories	Chapter 14	

Week	Content / Topics of Lecturing	Text Book Chapter	Remark
	<ul style="list-style-type: none"> <li>Economic Assumptions</li> <li>Capital Market Theory</li> <li>The Capital Asset Pricing Model</li> <li>The Multifactor CAPM</li> <li>The Arbitrage Pricing Theory Model</li> <li>Factor Models in Practice</li> </ul>		
14	The Theory and Structure of Interest Rates <ul style="list-style-type: none"> <li>The Theory of Interest Rates</li> <li>The Structure of Interest Rates</li> </ul>	Chapter 15	
15	Valuation of Debt Contracts and Their Price Volatility Characteristics <ul style="list-style-type: none"> <li>Features of Debt Contracts</li> <li>Basic Valuation Principles</li> <li>Return from a Bond: Yield to Maturity Measure</li> <li>Price of an Option-Free Bond</li> <li>Reasons for Changes in Bond Price</li> <li>What Determines the Premium-Par Yield</li> <li>Reinvestment of Cash Flow and Yield</li> <li>Bond Price Volatility</li> </ul>	Chapter 16	Quiz 4 Draft 4
16	<b>Semester Break: Only Make-Up Classes</b>		
17	<b>Final Examination</b>	All Chapters (1-16)	

## 7. Book Reference:

### a) Main Textbook

Frederic S. Mishkin and Stanley Eakins, Financial Markets and Institutions, 8th Edition, Pearson

### b) Supplement Articles

Various online journal articles