EF5342: FINANCIAL SYSTEMS, MARKETS AND INSTRUMENTS

Effective Term

Semester A 2025/26

Part I Course Overview

Course Title

Financial Systems, Markets and Instruments

Subject Code

EF - Economics and Finance

Course Number

5342

Academic Unit

Economics and Finance (EF)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

3

Level

P5, P6 - Postgraduate Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

Nil

Precursors

Nil

Equivalent Courses

EF5364 Commercial Banking and Financial Systems

Exclusive Courses

Nil

Part II Course Details

Abstract

This course aims to develop students' ability to analyze the structure, operations and functions of financial markets and institutions in Hong Kong and other leading financial centres. Students will work on current issues and consolidate what they learn in the classroom. The short essay, based on current issues, will put students' discovery ability to the test. They will make use of the information they obtain from the case study to analyse current issues.

Course Intended Learning Outcomes (CILOs)

	CILOs	**Weighting (if app.)**	**DEC-A1**	**DEC-A2**	**DEC-A3**
1	Justify with economic rationales for the existence of financial markets and institutions to analyze the key functions of the various financial markets and institutions.	20	x	x	
2	Explain the determinants of the level of interest rates, contrast the various theories of the term structure of interest rates, and discuss the tools, goals, and targets of monetary policy conducted by central banks.	30	x	x	x
3	Demonstrate the basic financial instruments in various financial markets and evaluate their principal risks.	30	x	x	x
4	Describe and debate the recent global trends in various financial markets.	20		x	x

A1: Attitude
Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability
Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to real-life problems.

A3: Accomplishments
Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

Learning and Teaching Activities (LTAs)

	LTAs	**Brief Description**	**CILO No.**	**Hours/week (if applicable)**
1	Lectures	Students will engage with key theories and arguments on the concept of financial markets.	1, 2, 3, 4	
2	In-class discussion	Students will discuss with their peers how to improve their knowledge by reading financial articles published in leading journals and newspapers in order to deepen and broaden their knowledge and skills.	1, 2, 3, 4	

Assessment Tasks / Activities (ATs)

	ATs	CILO No.	Weighting (%)	Remarks ("-" for nil entry)	Allow Use of GenAI?
1	Course work (such as Individual assignments/group project/midterm test)	1, 2, 3, 4	50	For assignments and group project, students can use Generative Artificial Intelligence Tools to help them understand the concepts/ questions/ problems, or analyze data. But the final version must be their own work, e.g., students cannot copy and paste the AI answers as their own answers. Students are not allowed to use Generative Artificial Intelligence Tools in mid-term examination(s)/ quiz(zes).	Yes

Continuous Assessment (%)

50

Examination (%)

50

Examination Duration (Hours)

2

Additional Information for ATs

Students are not allowed to use Generative Artificial Intelligence Tools in the final examination.

Assessment Rubrics (AR)

Assessment Task

Course work (such as Individual assignments/group project/midterm test) (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Excellent

(A+, A, A-) Demonstrate very strong knowledge in the subject, and a superior grasp of the critical issue and techniques.

Good

(B+, B, B-) Demonstrate good knowledge in the subject, and a good grasp of the critical issue and techniques.

Fair

(C+, C, C-) Demonstrate adequate knowledge in the subject, and adequate grasp of the critical issue and techniques.

Marginal
(D) Demonstrate limited knowledge in the subject, and some idea of the critical issue and techniques.

Failure
(F) Demonstrate very little knowledge in the subject, and no awareness of the critical issue and techniques.

Assessment Task
Final Examination (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Excellent
(A+, A, A-) Demonstrate very strong knowledge in the subject, and a superior grasp of the critical issue and techniques.

Good
(B+, B, B-) Demonstrate good knowledge in the subject, and a good grasp of the critical issue and techniques.

Fair
(C+, C, C-) Demonstrate adequate knowledge in the subject, and adequate grasp of the critical issue and techniques.

Marginal
(D) Demonstrate limited knowledge in the subject, and some idea of the critical issue and techniques.

Failure
(F) Demonstrate very little knowledge in the subject, and no awareness of the critical issue and techniques.

Assessment Task
Course work (such as Individual assignments/group project/midterm test) (for students admitted from Semester A 2022/23 to Summer Term 2024)

Excellent
(A+, A, A-) Demonstrate very strong knowledge in the subject, and a superior grasp of the critical issue and techniques.

Good
(B+, B) Demonstrate good knowledge in the subject, and a good grasp of the critical issue and techniques.

Marginal
(B-, C+, C) Demonstrate limited knowledge in the subject, and some idea of the critical issue and techniques.

Failure
(F) Demonstrate very little knowledge in the subject, and no awareness of the critical issue and techniques.

Assessment Task
Final Examination (for students admitted from Semester A 2022/23 to Summer Term 2024)

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Failure

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Part III Other Information

Keyword Syllabus

Financial intermediation.
Financial institutions and markets.
Money markets and capital markets.
Primary and secondary markets.
Prices, yields and risk analysis.
Commercial banks, investment banks, central banks.
Security firms, venture capitalists, insurance companies.
Transaction costs, risk sharing and asymmetric information.
Open market operation, discount rate and reserve requirements.
Clearing and settlement.
Asset securitization.

Reading List

Compulsory Readings

	Title
1	Mishkin, F.S. and S.G. Eakins, Financial Markets and Institutions, current edition, Pearson, Addison-Wesley.

Additional Readings

	Title
1	Y.K. Ho, R.H. Scott and K.A. Wong (eds), The Hong Kong Financial System, current edition, Oxford University Press.
2	Santomero, A.M. and D.F. Babbel, Financial Markets, Instruments and Institutions, current edition, McGraw Hill.
3	Saunders and M.M. Cornett, Financial Markets and Institutions, current edition, McGraw-Hill.
4	Articles published by central banks, such as Federal Reserves, Bank of England, Bank of Japan, Hong Kong Monetary Authority, Singapore Monetary Authority, People Bank of China and others.
5	Articles published by international financial institutions, such as World Bank, International Monetary Funds, Asian Development Bank, OECD, Bank for International Settlements and others.
6	Articles published by relevant financial organizations in HKSAR, such as Securities and Futures Commission, Hong Kong Exchange and Clearing, HKSAR Office of the Commissioner of Insurance, and others.
7	Lecture notes, newspaper clippings and articles.
8	http://www.adb.org
9	http://www.worldbank.org
10	http://www.imf.org
11	http://www.info.gov.hk/hkma
12	http://www.sehk.com.hk