

EF3333: 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

3333

Academic Unit

Economics and Finance (EF)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

3

Level

B1, B2, B3, B4 - Bachelor's Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

CB3410 Financial Management or FB3410 Financial Management

Precursors

Nil

Equivalent Courses

EF4333A Financial Systems, Markets & Instruments

Exclusive Courses

CB3044 Introduction to Financial Markets

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 Explain economic rationales for the existence of financial markets and institutions and analyze the key functions of the various financial markets and institutions; | 20 | x | x | |
| 2 Discuss the determinants of level of interest rates; contrast the various theories of the term structure of interest rates; discuss the tools, goals and targets of monetary policy conducted by central banks; | 30 | x | x | x |
| 3 Price the basic financial instruments in the various financial markets and evaluate the principal risks associated with them; | 30 | x | x | x |
| 4 Discuss and debate the recent global trends in various financial markets. | 20 | x | 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 Lecture | Students will engage in formal lectures, in-class group discussions of various financial articles published in leading journals and newspapers. | 1, 2, 3, 4 | |
| 2 Peer Discussion | Students will engage in structured discussion with peers to identify areas to improve on in their returned assessment tasks. | 2, 3, 4 | |

Assessment Tasks / Activities (ATs)

| | ATs | CILO No. | Weighting (%) | Remarks ("- for nil entry) | Allow Use of GenAI? |
|---|------------------------|----------|---------------|---|---------------------|
| 1 | Individual assignments | 2, 3 | 10 | Students can use Generative Artificial Intelligence Tools to help them understand the concepts/ questions/ problems, or analyse data. But the final version must be their own work, e.g., students cannot copy and paste the AI answers as their own answers. | Yes |
| 2 | Group projects | 2, 3, 4 | 20 | Students can use Generative Artificial Intelligence Tools to help them understand the concepts/ questions/ problems, or analyse data. But the final version must be their own work, e.g., students cannot copy and paste the AI answers as their own answers. | Yes |
| 3 | Mid-term test | 1, 2, 3 | 20 | - | No |

Continuous Assessment (%)

50

Examination (%)

50

Examination Duration (Hours)

2

Additional Information for ATs

Students are required to pass both coursework and examination components in order to pass the course.

Assessment Rubrics (AR)**Assessment Task**

Individual assignments

Excellent (A+, A, A-)

Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of the subject of financial instruments and market system; evidence of extensive knowledge base as outlined in CILOs; ; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery

Good (B+, B, B-)

Evidence of knowing how to apply the related concepts outlined in CILOs; strong overall ability to discover and innovate, and strong evidence of accomplishments of discovery.

Fair (C+, C, C-)

Some evidence of knowing how to apply the concepts outlined in CILOs; some ability to discover and innovate, and satisfactory evidence of accomplishments of discover

Marginal (D)

Marginal familiarity with the subject of financial instruments and market system; marginal ability to discover and innovate, and marginal evidence of accomplishments of discovery.

Failure (F)

Little evidence of familiarity with the subject of financial instruments and market system; or no show and no excuse in final exam; little evidence of ability to discover and innovate, and little evidence of accomplishments of discovery

Assessment Task

Group projects

Excellent (A+, A, A-)

Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of the subject of financial instruments and market system; evidence of extensive knowledge base as outlined in CILOs; ; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery

Good (B+, B, B-)

Evidence of knowing how to apply the related concepts outlined in CILOs; strong overall ability to discover and innovate, and strong evidence of accomplishments of discovery.

Fair (C+, C, C-)

Some evidence of knowing how to apply the concepts outlined in CILOs; some ability to discover and innovate, and satisfactory evidence of accomplishments of discover

Marginal (D)

Marginal familiarity with the subject of financial instruments and market system; marginal ability to discover and innovate, and marginal evidence of accomplishments of discovery.

Failure (F)

Little evidence of familiarity with the subject of financial instruments and market system; or no show and no excuse in final exam; little evidence of ability to discover and innovate, and little evidence of accomplishments of discovery

Assessment Task

Mid-term test

Excellent (A+, A, A-)

Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of the subject of financial instruments and market system; evidence of extensive knowledge base as outlined in CILOs; ; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery

Good (B+, B, B-)

Evidence of knowing how to apply the related concepts outlined in CILOs; strong overall ability to discover and innovate, and strong evidence of accomplishments of discovery.

Fair (C+, C, C-)

Some evidence of knowing how to apply the concepts outlined in CILOs; some ability to discover and innovate, and satisfactory evidence of accomplishments of discover

Marginal (D)

Marginal familiarity with the subject of financial instruments and market system; marginal ability to discover and innovate, and marginal evidence of accomplishments of discovery.

Failure (F)

Little evidence of familiarity with the subject of financial instruments and market system; or no show and no excuse in final exam; little evidence of ability to discover and innovate, and little evidence of accomplishments of discovery

Assessment Task

Examination

Excellent (A+, A, A-)

Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of the subject of financial instruments and market system; evidence of extensive knowledge base as outlined in CILOs; ; very strong overall ability to discover and innovate, and very strong evidence of accomplishments of discovery

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Part III Other Information

Keyword Syllabus

1. Financial intermediation.
2. Financial institutions and markets.
3. Money markets and capital markets.
4. Primary and secondary markets.
5. Prices, yields and risk analysis.
6. Commercial banks, investment banks, central banks.
7. Security firms, venture capitalists, insurance companies.
8. Transaction costs, risk sharing and asymmetric information.

9. Open market operation, discount rate and reserve requirements.
10. Clearing and settlement.
11. 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 |