

**CBN COLLABORATIVE POSTGRADUATE PROGRAMME**  
**DEPARTMENT OF ECONOMICS, UNIVERSITY OF NIGERIA NSUKKA**  
**FINANCIAL ECONOMICS 1**  
**MODULE SPECIFICATION**

---

1. **Module Title:** Financial Economics I

2. **Module Code:** ECO 531

3. **Number of credits:**3

4. **Level:** M. Sc.

5. **Semester:** 1<sup>st</sup>

6. **Pre-requisites for admission to the module (if any)**

The pre-requisite is that the student has a satisfactory knowledge of intermediate macroeconomics and quantitative techniques

7. **Module Coordinator**

8. **Aims**

Upon completion of the course, students are expected to:

1. read and understand arguments in textbooks and journal articles relating to financial economics;
2. grasp the relevance and use of instrument of financial market evaluation for the understanding of time value of money, portfolio management and financial market efficiency;
3. apply standard knowledge of derivatives pricing in the context of options, futures, forwards, and swaps;
4. appreciate the agency issue relating to different alternative financing options in financing contracting.

9. **Summary of Content**

This course aims to provide a comprehensive instruction and understanding in contemporary financial economics I at an advanced level. sound training in mathematics and econometrics which masters student in economics would be expected to cover. The structure of the course takes into consideration the theoretical as well as the empirical aspects of each topic contained in the syllabus. The structure also aligns with the prevailing trends in reputable Universities across the globe. It covers topics on (1) Introduction to financial economics; (2) Investment and Financial Markets; (3) Financial Derivatives; and (4) Agency Problem and Financial Contracting.

10. **Module Intended Learning Outcomes (MILOs)**

Upon successful completion of this module, students will be able to:

No.	Milos	Weighting (%)
1	Grasp of the overview of Financial markets, institutions, instruments and trading	
2	Calculate Time value of money and risk aversion, as well as the	

No.	Milos	Weighting (%)
	principle of value maximization.	Refer to no.15
3	Understand Term structure of interest rates and yield curves, financial statements and cash flows	
4	Understand Portfolio optimization, diversification and the mean variance approach	
5	Grasp Asset pricing, covering theories of asset pricing, empirical tests of asset pricing	
6	Market efficiency and empirical anomalies (size effect, equity premium puzzle and stock market overreaction).	
7	Perform evaluation of Investment funds and risk-adjusted	
8	Understand Pricing of derivatives; Options, futures, forwards, swaps 3.2 <sup>[1]</sup> <sub>[SEP]</sub>	
9	Understand relationship between Management vs equity holders; Equity holders vs debt holders; Firm vs government; Financial distress costs and other agency costs; Information asymmetry and financial signaling.	

### 11. Teaching and Learning Activities (TLAs)

MILO No.	TLAs	Functions	Hours/Week
1,2,3,4,5,6,7,8,9	Lectures and materials	Course instructors will introduce, with appropriate audio-visual materials, the critical concepts of quantitative methods through lectures.	<b>3 hours</b>
1,2,3,4,5,6,7,8,9	Tutorials (Case study, Group Discussion, Quizzes, presentations, peer review, role play)	Tutorial sessions will introduce experiential forms of learning activities such as case studies, group discussion, presentations, peer review, quizzes and role play. Emphasis placed on more in-depth learning of the processes, tools, and techniques in Quantitative Methods	<b>1 hour</b>

### 12. Assessments Tasks/Activities

MILO No.	Type of assessment tasks/activities	Weighting (if applicable)	Remarks
1,2,3,4,5, 6,7,8,9	<b>Examination</b> Students are required to participate in a three-hour examination to test their acquisitions of concepts and knowledge.	60%	Taken at the End of the Semester
1,2,3,4,5, 6,7,8,9	<b>Written Test/Quizzes</b> 1-hour written test/Pop Quizzes	20%	Week 7/On Going basis
1,2,3,4,5, 6,7,8,9	<b>Assignments</b> Assessment comprising group work	20%	Case study analysis and computer-based Report

assignment and individual assignment.	on Quantitative Methods
---------------------------------------	-------------------------

### 13. Attendance Requirements

Students are required to attend 75% of tutorials and lectures and laboratory sessions.

### 14. Contribution to Programme Learning Outcomes

No	PILOs	MILO No
1	develop in the students a thorough knowledge and applied competence in the fundamentals of Economics.	1,2,3,4,5,6,7,8,9
2	develop in the students an ability to critically appraise alternative systems of Economics.	1,2,3,4,5,6,7,8,9
3	equip students with economic theories that will lead to expertise in Economics	1,2,3,4,5,6,7,8,9
4	provide training to qualified graduates of economics and to other individuals whose prior training or experience has made them capable of playing a leadership role in the economics profession	1,2,3,4,5,6,7,8,9
5	equip students with the ability to analyze and undertake course of action to improve organisational performance using financial, operational and strategic perspectives and frameworks learned in the coursework and experience	1,2,3,4,5,6,7,8,9
6	prepare students for managerial positions in the industries, as well as other related organizations	1,2,3,4,5,6,7,8,9
7	prepare participants for positions as consultants, advocates, analysts, or directly as policy makers in the public and private sector	1,2,3,4,5,6,7,8,9
8	Inculcate the requisite intellectual/conceptual foundations that will permit meaningful participation in the discussion or resolution of the problems which confront the Economics discipline in the contemporary word;	1,2,3,4,5,6,7,8,9
9	encourage research into problems which impede the maximum contribution of Economics to national development and well-being of the people	1,2,3,4,5,6,7,8,9
10	develop skill in logical reasoning and critical analysis and improve the capacity students in formulating sound economic policies and strategies	1,2,3,4,5,6,7,8,9

### 15. Grading of Student Achievement

Letter Grade	% Mark	Grade Definitions	Remarks
A	70-100	<b>Excellent</b>	Demonstrate excellent understanding of the subject matters.
B	60-69	<b>Good</b>	Demonstrate a good understanding of the subject

			matters, though missing some of the points.
C	50-59	<b>Adequate</b>	Demonstrate an adequate understanding of the core of the subject matters.
F	>50	<b>Fail</b>	Demonstrate a wrong understanding of the subject matter.

## 16. Resources

### Suggested primary texts

No	Name of Author(s)	Year of Publication	Title of Book	Edition	Publisher's Name	ISBN
1	S. A. Ross, et al.	2016	Corporate Finance	11 <sup>th</sup>	McGraw-Hill Irwin	0-390-32000-5
2	J. C. Hull (2015),	2015	Options, Futures, and Other Derivatives,	9th	Pearson	978-0133456318
3.	Z. Bodie, A. et al.	2014	Investments,	10th	McGraw-Hill.	978-0077861674
4.	J. R. Nofsinger (2012),	2012	The psychology of investing,	5th	Pearson	978-0132994897

### Suggested secondary texts

No	Name of Author(s)	Year of Publication	Title of Book	Edition	Publisher's Name	ISBN
1	Adkins, L. C. & Tirole, J.	2005	The Theory of Corporate Finance,		Princeton	978-0-691-12556-2
2	Sercu, Piet	2009	International Finance: Theory into practice		Princeton University Press.	978-1-400-83312-2
3	Danthine, Jean-Pierre and John B. Donaldson	2002	Intermediate Financial Theory	5th Edition	Prentice Hall.	978-0-123-86549-6
4	Cochrane, J.	2011	Asset Pricing	2nd Edition	Princeton University Press	978-0-691-12137-6
Additional econometrics resources are available at <a href="http://econometricslinks.com">http://econometricslinks.com</a> . And <a href="http://www.economicnetwork.ac.uk/">http://www.economicnetwork.ac.uk/</a>						

### **Suggested Journals**

- \*CBN Economic and Financial Review
- \*Journal of Financial Economics
- \*Journal of Finance
- \*Journal of Applied Corporate Finance
- \*Journal of Corporate Finance
- \*Investment Analysts Journal
- \*Journal of Financial and Quantitative Analysis
- \*Journal of Business Research
- \*International Research Journal of Finance and Economics
- \*African Review of Money, Finance and Banking
- \*International Research Journal of Finance and Economics
- \*CBN Bullion
- \*Nigerian Journal of Economic and Social Studies
- \*Savings and Development
- \*Journal of Financial Economic Policy
- \*Journal of Finance and Economics

### **Selected Journal Articles**

Shleifer, A. and Vishny, R. W. (1997). A Survey of Corporate Governance, *Journal of Finance* 52(2), 737-783.

Estrada, Javier (2011) The Three-Factor Model: A Practitioner's Guide, *Journal of Applied Corporate Finance*, Vo 23, No 2, Spring.

Dimson, Elroy, Paul Marsh and Mike Staunton (2003), Global Evidence on the Equity Risk Premium, *Journal of Corporate Finance*, 15(4).

Fernandez, Pable, Javier Aquirreamalloa and Luis Corres (2011) Market Risk Premium used in 56 Countries in 2011: A survey with 6,014 answers. Memo IESE Business School – University of Navarra.

Bradfield, D. (2003). Investment Basics XLVI. On estimating the beta coefficient, *Investment Analysts Journal*, No. 57.

Chen, K. C. W., Chen, Z. and Wei J. K. C., 2011. Agency costs of free cash flow and the effect of shareholder rights on the implied cost of equity capital. *Journal of Financial and Quantitative Analysis* 46, 171–207.

Öztekin Ö., 2015. Capital Structure Decisions around the World: Which Factors Are Reliably Important? *Journal of Financial and Quantitative Analysis* 50, 1–23.

Chang K., Kang, E. and Li, Y., 2016. Effect of institutional ownership on dividends: An agency-theory-based analysis. *Journal of Business Research* 69, 2551–2559.

Rangvid, J., Schmelting, M. and Schrimpf, A., 2014. Dividend predictability around the world. *Journal of Financial and Quantitative Analysis* 49, 1255–1277.

### **Facilities Requirements**

A lecture room with appropriate teaching and computer laboratory facilities