

CBN COLLABORATIVE POSTGRADUATE PROGRAMME
DEPARTMENT OF ECONOMICS, UNIVERSITY OF NIGERIA NSUKKA
FINANCIAL ECONOMICS 11
MODULE SPECIFICATION

1. **Module Title:** FINANCIAL ECONOMICS II

2. **Module Code:** ECO 532

3. **Number of credits:** 3

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

5. **Semester:** 2nd

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:

- 1.1 Apply their interest and skills in economics to the study of financial market activities;
- 1.2 Harmonise both the theoretical and empirical aspects of Financial Economics;
- 1.3 Understand security pricing and other theoretical techniques used in finance;
- 1.4 Understand the operation of financial markets using tools from economic analysis; and
- 1.5 Relate financial markets activities to the rest of the economic system.

9. **Summary of Content**

Recent developments in the financial sector necessitates an interaction of the knowledge of finance and economics in financial market activities. Incorporating the knowledge of finance and the economic framework in economic theory is one of the advances in financial economics. This course therefore harness theories from macroeconomic principles as well as the quantitative methods needed for the analysis of financial markets to proffer solutions to the changing demand of the financial sector. The course will expose the students to apply their interest and skills in economics to the study of financial markets equipping them with skills necessary as portfolio managers, risk management consultant or financial analysts. Rapid changes in technology have posed numerous opportunities and challenges which have resulted in enhancement of financial activities, this course will also expose the learners to the use of techniques, procedures and statistical packages necessary to facilitate further financial development. Hence, the study of this course at postgraduate level has more significance as it will expose the learners to useful quantitative techniques and methods necessary in the financial industry. In this module, students will have exposure to the fundamental knowledge and

expertise needed in fund management, stockbroking, investment banking, corporate treasury and other financial sector roles. The course covers the main areas of: (1) Corporate Finance, (2) Market Microstructure, (3) Banking and Institutions, (4) International Finance, (5) Behavioural Finance, (6) Financial Development. (7) Financial Crises and Risk Management (8) Financial Sector Reforms (8) Financial Econometrics.

10. Module Intended Learning Outcomes (MILOs)

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

No.	Milos	Weighting (%)
1	Explain the concept of corporate finance, in terms of valuation and capital budgeting, capital structure.	Refer to no.15
2	Understand firms' financial decisions and the operation of financial markets including new issues of securities, debt, and dividend policy.	
3	Identify and List the steps in the takeover process, mergers and acquisitions and understand corporate restructurings.	
4	Explain the roles of institutions in banking and understand the relevance of financial institutions to firms' financing.	
5	Understand the operations of the financial market system at the micro level.	
6	Develop analytical frameworks useful in understanding current issues of macro performance and capital flows in the global economy.	
7	Explain the formal methods, experimental and empirical evidence in finance economics.	
8	Understand financial crises and risk management techniques	
9	Identify financial sector reforms and their impacts on financial activities in the country	
10	Apply data analysis to Financial Economics	

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 concept of Financial Economics lectures.	3hours
1,2,3,4,5,6,7,8,9,	Tutorials (Case study, Group Discussion, Quizzes, presentations, peer review)	Tutorial sessions will introduce experiential forms of learning activities such as case studies, group discussion, individual presentations, peer review, quizzes and role play. Emphasis placed on more	2 hours

		in-depth learning of the processes, tools, and techniques in	
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12. Assessments Tasks/Activities

MILO No.	Type of assessment tasks/activities	Weighting (if applicable)	Remarks
1,2,3,4,5,6,7,8,9,10	Examination Students are required to participate in a three-hour examination to test their acquisitions of concepts and knowledge.	60%	Each course shall normally be completed and examined at the end of the semester in which it is offered.
1,2,3,4,5,6,7,8,9	Continuous Assessment Assessment is comprising essays, tests, term papers, tutorial exercises, quizzes and take-home assessment.	20%	Each course assessment will be conducted in the course of the semester in which it is offered.
1,2,3,4,5,6,7,8,9	Practical Sessions Assessment is comprising group work assignment and individual assignment.	20%	The use of statistical packages in Financial Economics,

13. Attendance Requirements

Students are required to attend a minimum of 75% of the total period of formal instructions including lectures and tutorials.

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.	1,2,3,4,5,6,7,8,9,10
2	develop in the students an ability to critically appraise alternative systems of Economics.	1,2,3,4,5,6,7,8,9,10
3	equip students with economic theories that will lead to expertise in Economics	1,2,3,4,5,6,7,8,9,10
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	1,2,3,4,5,6,7,8,9,10
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	1,2,3,4,5,6,7,8,9,10
6	prepare students for managerial positions in the industries, as well	1,2,3,4,5,6,7,8,9,10

	as other related organizations	
7	prepare participants for positions as consultants, advocates, analysts, or directly as policy makers in the public and private sector	1,2,3,4,5,6,7,8,9,10
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;	1,2,3,4,5,6,7,8,9,10
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
10	develop skill in logical reasoning and critical analysis and improve the capacity students in formulating sound economic policies and strategies	1,2,3,4,5,6,7,8,9,10

15. Grading of Student Achievement

Letter Grade	% Mark	Grade Definitions	Remarks
A	70-100	Excellent	Demonstrate excellent understanding of the subject matters.
B	60-69	Good	Demonstrate a good understanding of the subject matters, though missing some of the points.
C	50-59	Adequate	Demonstrate an adequate understanding of the core of the subject matters.
F	<50%	Fail	Demonstrate a wrong understanding of the subject matter.

16. Resources

Suggested primary texts

SN	Name of Author(s)	Year of Publication	Title of Book	Edition	Publisher's Name	ISBN
1	S. A. Ross, R. W. Westerfield and J. F. Jaffe, B. Jordan	2016	Corporate Finance	11 th Edition	McGraw-Hill Irwin	0-390-32000-5
2	D. Hillier, S. A. Ross, R. W. Westerfield and J. F. Jaffe, B. Jordan	2013	Corporate Finance	2 nd Edition	McGraw-Hill Irwin	978-0-07-712115-0

3	Z. Bodie, R. C. Merton, and D.L. Cleeton	2009	Financial Economics	Second Edition	Pearson Education	978-0-13-185615-8
2	J. H. Cochrane	2001	Asset Pricing	Revised	Princeton University Press	978-0-691-12137-6
3	H. H. Panjer	1998	Financial Economics	Latest	The Actuarial Foundation of the USA,	978-8982749018

Suggested secondary texts

No	Name of Author(s)	Year of Publication	Title of Book	Edition	Publisher's Name	ISBN
1	I. Evstigneev, T. Hens and K.R. Schenk-Hoppé	2015	Mathematical Financial Economics		Springer	978-3-319-165714
2	Stokey, Nancy L. and Robert E. Lucas Jr., with Edward C. Prescott	1989	Recursive Methods in Economic Dynamics		Harvard University Press	9780674750968
3	Freixas, X. and Rochet, J.	2008	The Microeconomics of Banking		MIT Press	9780262062701
4	J. H. Cochrane	2011	Asset Pricing	2nd	Princeton University Press	978-0-691-121376
5	Saunders, A. and Cornett, M	2013	Financial institutions management: A risk management approach	8 th Edition	McGraw-Hill	9781259717772
6	J. C. Hull	2015	Risk Management and Financial Institutions	4 th Edition	Wiley Finance	978-1-119-448112

Suggested Journals

CBN Economic and Financial Review

CBN Bullion

Journal of Financial Economics

Journal of Finance

Review of Financial Studies

Journal of Applied Corporate Finance

Journal of Corporate Finance

Journal of Financial and Quantitative Analysis
American Economic Review
Investment Analysts Journal
Journal of Banking and Finance
Quarterly Journal of Economics
Journal of Portfolio Management
Review of Financial Studies
Econometrica
NBER Working Paper
Journal of International Financial Markets, Institutions and Money

Software requirements

STATA and Eviews are highly recommended statistical packages which are excellent for modern data analysis as well as for standard econometric applications (including time series analysis).

Facilities Requirements

A lecture room with appropriate teaching facilities

