



MONEY AND BANKING

FN-450

Capsule Statement

The course is designed to equip students with the comparative knowledge of a financial system and its regulatory framework in Pakistan and in a developed economy. On completion of the course, the students should be able to demonstrate an understanding of the subject matter and financial environments in Pakistan. This course offers a comprehensive exploration of the revolutionary developments occurring in the world's financial markets and institutions —i.e., innovation, globalization, and deregulation—with a focus on the actual practices of financial institutions, investors, and financial instruments.

Learning Objectives

- 1) To understand the money and banking functions.
- 2) To develop skills to analyze and design an efficient business relation with banks.
- 3) To learn about the decision making process in the field of banking.
- 4) To learn about the fundamental ideas underlying the preparation of financial instruments.
- 5) To learn the profession of banking and its specialized fields.

Recommended Text:

Money & Capital Markets-9e, Peter S. Rose

Additional Readings:

1. Financial Markets & Institutions-5e, Mishkin, Eakins
2. Foundation of Financial Markets Institutions-3e, Frank J. Fabozzi, Franco Modigliani,

Calendar of Activities

Session #	Lecture Contents
1	Studying Financial Markets and Institutions <ul style="list-style-type: none"> • Why & How study Financial Markets: • Functions of financial Markets Types of markets • Financial markets in Pakistan
2	Financial Assets, Money, Financial Transactions, and Institutions <ul style="list-style-type: none"> • Characteristic and types of financial assets • The value of money and inflation • Financial intermediaries and other financial institutions
3,4	Introduction to Money Market <ul style="list-style-type: none"> • The Money Markets Defined • Why Do We Need Money Markets? • The Purpose of the Money Markets • Money market instruments by SBP
5,6	Money Market Instruments <ul style="list-style-type: none"> • Certificates of Deposit, Eurocurrency Deposits • Bankers' Acceptance, Commercial Papers • Federal agency securities • Market Participants (dealers) • Role of Primary Dealers • Role of Government Agencies
7,8	The Roles and Services of the Federal Reserve(State Bank of Pakistan) <ul style="list-style-type: none"> • The roles of central bank • The goals and channels of central bank • How SBP is organized • The key focus of central bank monetary policy – interest rate, reserves
9-10	The Tools and Goals of Central Bank Monetary policy <ul style="list-style-type: none"> • Credit control and its types • Interest rate targeting • Economic goals and the trade-offs • Limitations of monetary policy
11-12	The Commercial Banking Industry and SBP Regulations <ul style="list-style-type: none"> • The structure of commercial banking • Fund management institutions • Mutual funds, life insurance companies, medical insurance companies, pension funds, saving companies • Consumer financing
13-14	Business Borrowing (Capital Markets) <ul style="list-style-type: none"> • Bonds and stock markets • IPO's and secondary markets – role of stock exchanges (KSE) • Types of corporate stocks • 1st, 2nd, and 3rd markets • Market efficiency • International exposure through ECN's, and NASDAQ
15	Consumer Lending and Borrowing <ul style="list-style-type: none"> • Consumers as lenders, borrowers • Debit and credit cards • Factors considered in making consumer loans • Buying power, social differences, and the role of consumer financing in Pakistan