

## SYLLABUS: ECON3513/FI323 BANK MANAGEMENT

### Time and Location:

- **Thursdays 14:00 - 15:40 (February 17 – June 2 16 weeks)**
- **Offline: 东上院 4-301**
- **Online Students Only**  
Zoom Meeting ID: 842 6251 2059  
Zoom Meeting Password: 220217  
<https://us02web.zoom.us/j/84262512059?pwd=c2VvQTVWRGRWdjZhK1VXT29sbk4zdz09>

### Contact Points:

- Canvas: [商业银行经营管理 \(sytu.edu.cn\)](http://sytu.edu.cn) (上海交通大学线上课程平台)
  - Announcement
  - Lecture notes
  - Live broadcast and recorded lecture video
  - Class Assignment
  - Project group up sign up
  - Q&A at Discussion Board
- Zoom online meeting (zoom 视频会议直播)
  - Live lectures in each week during the class time (每周上课时间进行直播)
  - Backup: Tencent Meeting, meeting ID and password TBA when necessary
- <https://www.icourse163.org/> (TBA 中国大学慕课爱课程国际平台)
  - (Prerecorded) MOOC videos of each class (课程预录视频, 用于复习回看)
  - MOOC Classroom app: Interaction, survey and quizzes during the live broadcast in each week during the class time. (慕课堂 app: 直播课时互动答题, 问卷, 堂上测验等)
  - Backup: <http://sjtu.fanya.chaoxing.com/portal> (TBA) (上海交通大学超星网课平台)

### Office Hour and Contact:

- The most efficient way to contact me is by email or wechat group (QR code available at Canvas), and I will usually reply in 24 hours. Email: [nanli@sjtu.edu.cn](mailto:nanli@sjtu.edu.cn)
- You can also post your questions in the Discussion Board on Canvas or at icourse163 (China MOOC).
- Teaching Assistants: Mr. Xing Shuai [sea939721@sjtu.edu.cn](mailto:sea939721@sjtu.edu.cn)

### Course Objectives:

This course builds on basic financial theory and the principles courses in economics. It addresses topics that are important for managing financial institutions in a rapidly changing international environment. Upon successful completion of the course, student should be able to understand the role of financial institutions in the economy; explain why banks are unique, and therefore merit special attention; to understand the analytical foundation underlying financial institutions management, and be able to use them to analyze important financial issues, including financial crisis; be familiar with risk management techniques to deal with the various risks banks and other financial institutions face.

### Prerequisites:

- Finance
- Money and Banking
- Students are expected to have some background in basic economic theory (macroeconomics and microeconomics), algebra, differential calculus, statistics, and a disposition to keep themselves informed of current developments in the area of banking and finance.
- Note: Please make sure you have adequate background in analytics, linear algebra, statistics, economics and finance. This is a course in finance, with focus on the risk management and quantitative analysis. This course is NOT suitable for students without any training in economics, statistics, analytics or linear algebra.

## Textbooks and References:

### **Textbook:**

- Financial Institutions Management: A Risk Management Approach, Anthony Saunders and Marcia Cornett, 9th edition, McGraw Hill, 2018, ISBN: 9781259717772
- [Web Appendices \(mheducation.com\)](#)
- [Financial Institutions Management \(mheducation.com\)](#) Student Edition support (multiple choice questions and web appendix)

### **Reference book:**

- Peter S. Rose and Sylvia C. Hudgins, *Bank Management and Financial Services*, 9th Edition, International Edition, McGraw-Hill, 2013 (BMFS)
- Peter S. Rose and Sylvia C. Hudgins, *Bank Management and Financial Services*, 9th Edition (英文缩减影印版), 中国人民大学出版社
- Peter S. Rose and Sylvia C. Hudgins, *Bank Management and Financial Services* (中文版), 9th Edition, 机械工业出版社, 2016
- John C. Hull, *Risk Management and Financial Institutions*, Second Edition, Pearson, 2010

### Weight of Assessment:

- Final Exam : 40%
- Class Assignments : 30%
- Presentation and Term Paper : 20%
- Class Participation : 10%

### Warning:

- **Plagiarism is taken very seriously.** Students caught plagiarizing in class assignments, term paper, and/or exams in this course have been severely penalized. Any student caught cheating in the final exam will be failed in this course and reported to the school for further penalty.

### Class Assignment:

There will be 3-4 class assignments. Students are encouraged to discuss on assignments, but each student should **finish the assignment on her or him own** and hand in separate answers.

### Term Paper and Class Presentation:

Students are advised to form a working group of **no more than 5 students**. Each group should write a term paper and present it in the class. Each group can choose to write a paper on a case study from the list given in the syllabus or a topic related to bank risk management. However, the topic chosen by each group is subject to the approval of the lecturer.

Note: I expect each group to apply the methods/theory learned in the class to analyze the case or topic of your choice. Simple review of the case or literature review of a topic will result in low score.

The following questions should be addressed in your term paper if a case study is chosen,

- a. What has happened and how did it happen?
- b. To your opinion, what are the specific risks involved? You need to present arguments based on data or facts to support your opinion.
- c. As a bank manager, what lesson can we learn from this case?

The following questions should be addressed in your term paper if self-selected topic is chosen,

- a. What is the question or problem?
- b. Why this question is important or interesting?
- c. How do you address this question, i.e. empirical analysis or theoretical analysis?

Each group should prepare to present the term paper in **20 minutes** with 3-5 minutes for Q&A. The presentation slides should be submitted before the presentation.

The term paper should be no more than 20 pages with double spaces and Times New Roman fonts no smaller than 11 pt. The data source and references should be clearly and completely documented.

Timeline for term paper and presentation (subject to change)

1. Week 3-5: Form group and decide on term paper topic
2. Week 7: Bid for the case study and allocation of the topic.
3. Week 9-16: Presentation of term paper
4. On the day of Final Exam: Due date for term paper.

A “**Best Presentation**” prize will be awarded to the group who does the best job in presentation. Each group needs to evaluate the performance of other groups and the Best Presentation prize will be awarded to the group with highest average score from group evaluation and lecture evaluation.

#### **Class Participation:**

Students are encouraged to actively participate in the class discussion. Such activities include good comments, questions, articles and even pointing out flaws and typos in class material.

A “**Best Question**” prize will be awarded to the student who raises interesting questions and/or makes good comments in the class or on the forum.

#### **List of the Case Study and Research Topics:**

- AIG, Allied Irish Bank, Bankers Trust, Barings Bank, China Aviation Oil, Continental Illinois, Daiwa Bank, Lehman Brothers, LTCM, Société Générale, Washington Mutual Fund, Norther Rock, UBS Rogue Trader (2011), Citibank in 2008
- Online Banking, Mobile Payment, Micro Finance, Bitcoin, FinTech, P2P, Shadow Banking and etc.

#### **Suggested Periodicals:**

- Asiamoney [www.asiamoney.com](http://www.asiamoney.com)
- The Asian Wall Street Journal [www.awsj.com](http://www.awsj.com)
- The Banker [www.thebanker.com/](http://www.thebanker.com/)
- The Business Times [business-times.asia1.com.sg](http://business-times.asia1.com.sg)
- The Economist [www.economist.com](http://www.economist.com)
- Euromoney [www.euromoney.com](http://www.euromoney.com)
- The Financial Times [www.ft.com](http://www.ft.com)
- The Financial Times Chinese [www.ftchinese.com](http://www.ftchinese.com)
- The Wall Street Journal [www.wsj.com](http://www.wsj.com)

#### **Useful Links:**

- [Federal Reserve](#)
- [Federal Deposit Insurance Corporation](#)
  - [FDIC Quarterly Banking Profile](#)
  - [FDIC Quarterly Report](#)
- [China Banking and Insurance Regulatory Commission](#)(中国银行保险监督管理委员会)
  - [Statistics \(统计数据\)](#)
- [China Banking and Insurance Regulatory Commission \(English\)](#)
  - [Statistics](#)
- [The People's Bank of China](#)
- [The People's Bank of China \(English\)](#)
- [Monetary Authority of Singapore](#)
- [China Security Regulatory Commission](#)
- [China Security Regulatory Commission\(English\)](#)

## Course Outlines (subject to revision):

### Topic 1: Specialness, Risks and Regulations of Financial Institutions

- **Lecture Notes 1**
- *Case Study:*
  - *Savings and Loan Debacles*
  - *Bank Run and Deposit Insurance*
  - *Video: [Bank Draft of Ri Sheng Chan--Ancient FinTech](#) 《国宝档案》 20121004 古代科技——日升昌汇票*
- Diamond, D. W. Financial Intermediation and Delegated Monitoring, *Review of Economic Studies*, vol. 51 (July 1984), pp. 393–414
- Douglas W. Diamond, Philip H. Dybvig, Bank Runs, Deposit Insurance, and Liquidity, *Journal of Political Economy*, Vol. 91, No. 3. (Jun., 1983), pp. 401-419
- FIM Chapter 1, 7, 19
- FIM **Appendix 19C**, Deposit Insurance Coverage for Commercial Banks in Various Countries
- FIM **Appendix 10B**: Black–Scholes Option Pricing Model
- FIM **Appendix 1A**, The Financial Crisis: The Failure of Financial Services Institution Specialness
- [https://www.federalreservehistory.org/essays/savings\\_and\\_loan\\_crisis](https://www.federalreservehistory.org/essays/savings_and_loan_crisis)

#### Optional Readings:

- [Handbook of China's Financial System](#), Edited by Marlene Amstad, Guofeng Sun and Wei Xiong
- Hart, Oliver, and Luigi Zingales. 2011. "[A New Capital Regulation for Large Financial Institutions](#)." *American Law and Economics Review* 13 (2): 453-490.
- Video: [The Case For and Against Regulation](#) by Professor Oliver Hart, 2018 Nobel Laureate Shanghai Jiao Tong University Special, March 14, 2018.

### Topic 2: Organization, Structure, Changing Dynamics of Banking Industry

- Lecture Notes 2
- *Case Study:*
  - *Mobile Payment*
  - *Shadow Banking in China after 2008*
  - *FinTech and Financial Regulation: Ant IPO Suspension*
  - *Case in Video: The Crisis of Credit Visualized by Jonathan Jarvis*
- FIM Chapter 1-2
- FIM **Appendix 2A-2D**: Financial Statement Analysis, Depository Regulators, and Technology in Commercial Banking
- Nan Li, John D. Van Fleet, [Why Beijing was right to rein in Jack Ma's rogue Ant Group IPO](#), *Nikkei Asia, Opinion*, 2021/02/28
- Nan Li and John D. Van Fleet, [Ant's road to redemption: How the fintech giant can save itself](#), *SupChina*, 2021/05/18
- Nan Li and John D. Van Fleet, [Foreign media fail to understand China's fintech regulators](#), *Nikkei Asia, Opinion*, 2021/10/07
- 李楠, [蚂蚁的救赎——金融科技前路何方?](#), 《复旦金融评论》第12期, 2021/06/25
- Chen, K., Ren, J., and Zha, T. (2018). The Nexus of Monetary Policy and Shadow Banking in China. *American Economic Review*, 108(12), 3891–3936. <https://doi.org/10.1257/aer.20170133>
- [FDIC Quarterly Banking Profile](#)
- [China Banking Regulatory Commission Annual Report \(in Chinese\)](#)
- [China Banking Regulatory Commission Annual Report \(in English\)](#)
- [China Banking Industry Financial Institution](#) 国内银行业金融机构

### Topic 3: Liquidity Risk and Monetary Policy

- Lecture Notes 3
- *Case Study:*
  - *Digital RMB and Digital Currency*
- FIM Chapter 1, 12, 18-19
- FIM [Appendix 1B](#), Monetary Policy Tools
- FIM [Appendix 18A](#), Federal Reserve Requirement Accounting
- Nan Li and John D. Van Fleet, [China's digital yuan is a transaction helper, not a Trojan horse](#), *Nikkei Asia, Opinion*, 2021/05/03.
- 李楠, 陈开宇, John D. Van Fleet, [数字人民币是“特洛伊木马”吗?](#), 新华社客户端, 中国金融信息中心, 2021/05/09
- [范一飞: 关于数字人民币 M0 定位的政策含义分析](#)
- [China Monetary Policy Report](#)
- [Monetary Authority of Singapore Monetary Policy Statement](#)
- [《商业银行流动性风险管理办法》\(Commercial Bank Liquidity Risk Management Effective 2018/07/01 Published on 2018/05/23\)](#)

### Topic 4: Interest Rate Risk

- Lecture Notes 4
- *Case Study:* [Orange County Case](#)
- FIM Chapter 8-9, 22-24
- FIM, [Appendix 9A](#), The Basics of Bond Valuation
- Excel File: [Duration](#)
- [《商业银行银行账簿利率风险管理指引（修订）》\(Commercial Bank Banking Book Interest Rate Risk Management Guidance Revised Effective on 2019/01/01, Published on 2018/05/30\)](#)
- [《商业银行银行账簿利率风险管理指引（修订）》附件 \(Commercial Bank Banking Book Interest Rate Risk Management Guidance Revised Appendix Effective on 2019/01/01, Published on 2018/05/30\)](#)

### Topic 5: VaR and Market Risk

- Lecture Notes 5
- *Case Study:* [Orange County Case](#)
- FIM Chapter 13, 15-16, 22-24
- [《商业银行市场风险管理指引》\(Commerical Bank Market Risk Management Guidance passed on 2004/12/16, Announced on 2004/12/29, Effective on 2005/3/1\)](#)
- [《市场风险资本计量内部模型法监管指引》征求意见稿 \(Internal Model for Market Risk Management 3rd Draft 2008/12/3\)](#)

### Topic 6: Credit Risk

- Lecture Notes 6
- *Case Study:* *Credit Analysis*
- FIM Chapter 10-11, 22-26
- FIM [Appendix 10A](#), Credit Analysis

## References in media:

### About Ant Group: Fintech and Financial Regulation

In Chinese:

- 2020/11/04: [蚂蚁暂缓上市波及 671 万股民，阿里市值一夜蒸发 700 亿美元，金融科技迎来估值重塑？](#) 时代周报，时代财经快讯，林前，高秋榕（访谈）（When tech meets fin without appropriate regulation, it may open a Pandora Box of predatory lending, moral hazard, conflicts of interests.....）
  - 2020/11/06: [李楠：蚂蚁集团需将自身定位为金融公司且满足监管要求](#)，安泰声音，安泰经济与管理学院，上海交通大学
- 2020/11/18: [蚂蚁上市暂停：科技无限，金融有界，监管有度](#) 李楠，陈开宇，FT 中文网 (Suspension IPO of Ant Group: Tech May Be Boundless, Financial Intermediary Has to Be Bounded and Appropriately Regulated, Financial Times In Chinese, with Kaiyu Chen)
  - 2020/11/18: [寻求金融科技监管的“界”与“度”](#)，李楠，陈开宇，经济观察报管理与创新案例研究院公众号 (Seeking the boundary and appropriate regulation of Fintech)
- 2020/11/23: [蚂蚁暂缓上市后余波未平，李楠：应隔断数据与金融中介业务的关联](#)，时代周报，时代财经快讯，廖维（专访）(Li Nan: It is necessary to separate the data services from the financial intermediary services)
- 2020/12/02: [P2P 曲终人未散，陆金所持消金牌照“上岸”，众多平台转型助贷业务](#)，时代周报，时代财经快讯，廖维（访谈）
- 2020/12/11: [华尔街之狼高盛来袭，抢滩高净值客户，小券商将临灭顶之灾？](#) 时代周报，时代财经快讯，廖维（访谈）
- 2020/12/17: [金融创新如何赋能经济](#)，李楠，陈开宇，FT 中文网 (How to finance technological innovation? FT Chinese, with Kaiyu Chen)
- 2021/04/13: [由阿里受罚看平台经济下一步](#)，李楠，陈开宇，FT 中文网 (From the fine on Alibaba to the development and regulation of the platform economy, FT Chinese, with Kaiyu Chen)

In English:

- 2021/02/28: [Why Beijing was right to rein in Jack Ma's rogue Ant Group IPO](#), *Nikkei Asia*, with John D. Van Fleet.
- 2021/05/18: [Ant's road to redemption: How the fintech giant can save itself](#), *SupChina*, with John D. Van Fleet.

### About Central Bank Digital Currency

- 2021/05/03: [China's digital yuan is a transaction helper, not a Trojan horse](#), *Nikkei Asia*, Nan Li and John D. Van Fleet.
- 2021/05/09: [数字人民币是“特洛伊木马”吗？](#)，新华社客户端，中国金融信息中心，李楠，陈开宇，John D. Van Fleet