Unit Outline*

FINA3304

Banking: Theory & Practice

Semester 2, 2011
Crawley Campus

Unit Coordinator: Dr SzeKee Koh

Business School
www.business.uwa.edu.au

* This Unit Outline should be read in conjunction with the Business School Unit Outline Supplement available on the Current Students web site http://www.business.uwa.edu.au/students
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UNIT DESCRIPTION

Introduction
Welcome to the world of Banking!

FINA3304 Banking: Theory & Practice (BTP) is an elective unit in both the Accounting and Finance majors in the B.Com and a compulsory unit in the Money & Banking major in the B.Ec. Its focus is the Australian financial system which has gone through a number of changes since the late 1970s emerging as a complex and exciting sector of the economy. BTP aims to develop an understanding of the operations of such a financial system.

Unit content
This unit provides an introduction to Australian financial system. It also explores issues relating to global banking and current developments in the international banking arena. Topics include bank risk management; asset and liability structures; securitization; bank performance analysis; and the impact of cost of funds and capital adequacy provisions on bank-lending policies. A consistent theme is that the functions and services provided by banks are influenced by the theory of finance, technology, government regulation and the forces of competition. The knowledge acquired from the unit is valuable to students who plan to have a career in the Banking and Financial related sectors.

The goal of the unit
The aims of BTP are:
- to develop your understanding of the Australian financial environment and system;
- to develop your understanding of current issues faced by modern financial institutions operating in the Australian and/or International financial system; and
- to develop basic skill in analysing and calculating the various risks faced by financial institutions.

Learning outcomes
On successful completion of this unit, you should be able to:

- demonstrate a clear understanding of the Australian financial system with an emphasis on the role and functions of its regulators: the Reserve Bank of Australia (RBA); the Australian Prudential Regulation Authority (APRA); the Australian Competition and Consumer Commission (ACCC); the Australian Securities and Investment Commission (ASIC) and the Australian Transaction Reports and Analysis Centre (AUSTRAC);
- describe, comment and analyse the changing composition of the Australian financial services sector;
- appreciate and identify the typical problems encountered by modern financial institutions and their handling of market risk, credit risk, interest rate risk and liquidity management;
- use financial data to demonstrate an understanding of market risk, credit risk, interest rate risk, capital adequacy and liquidity management;
- identify and understand the impact of current issues facing financial regulators, financial institutions and their stakeholders; and
- appreciate issues relating to international banking and the current developments in the international banking arena.
Educational principles and graduate attributes

In this unit, you will be provided with the opportunity to
• acquire the skills required to learn, and to continue through life to learn, from a variety of
  sources and experiences;
• adapt acquired knowledge to new situations;
• critically evaluate and solve problems arising from the banking sector;
• think and reason logically and creatively;
• develop confidence to work independently through the completion of tutorial questions; and
• develop competencies to work more effectively in teams through the completion of a group
  case analysis project and a group presentation.

TEACHING AND LEARNING RESPONSIBILITIES

Teaching and learning strategies

The Banking sector is an important, exciting and fast-moving industry. The Banking environment is
always changing with new rules and prudential regulations updated. In developing this course, it is my
intention that students are to be aware of the recent developments relating to the Banking industry.
Furthermore, the curriculum for BTP has been designed to expose students to various learning
environment.

Students are expected to attend the weekly lectures and tutorials. To benefit the most out of the
unit, students should read the lecture materials (including the assigned readings) and attempt the
tutorial questions prior attending lectures and tutorials.

In tutorial classes, students are expected to participate and interact actively during class discussions
(see beneath for in-depth details on how you are assessed in tutorial classes). In preparing some of
your tutorial questions, you will be encouraged and required to perform some research into the
most recent developments within the Banking industry. To perform well in tutorials, it will be most
useful in reading widely, latest news/articles relating to the Banking industry from all various major
media (e.g., newspapers, magazines, internet resources etc). There will also be a 5-minute group
presentation during tutorial which provides students with an opportunity to practise their
presentation and public speaking skill – a very important skill that modern employers look for in their
new recruits.

The inclusion of a group assignment allows students to learn to work in a team which is essential in
the modern corporate world. In modern corporate world, it is essential for individuals to know how
to deal with potential problems (ie, group member not putting in equal effort or not contributing
much to the assignment) within the group. Therefore, it may be useful to elect a leader within the
group who is able to lead and keep the group working cohesively. Another useful tip is for students
to set up a clear achievement goal within the group at the start of the assignment. A clear common
objective agreeable by all members within the group is useful to make all members aware of their
commitments to the assignment. The group assignment also provides a platform for students to learn
to write concise professional reports.

Teaching and learning evaluation

You may be asked to complete two evaluations during this unit. The Student Perception of Teaching
(SPOT) and the Students’ Unit Reflective Feedback (SURF). The SPOT is optional and is an evaluation
of the lecturer and the unit. The SURF is completed online and is a university wide survey and deals
only with the unit. You will receive an email from the SURF office inviting you to complete the SURF
when it is activated. We encourage you to complete the forms as your feedback is extremely
important and can be used to make changes to the unit or lecturing style when appropriate.
Attendance

Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process. It is therefore important that you attend classes. More formally, the University regulations state that ‘to complete a course or unit students shall attend prescribed classes, lectures, seminars and tutorials’.

CONTACT DETAILS

We strongly advise students to regularly access their student email accounts. Important information regarding the unit is often communicated by email and will not be automatically forwarded to private email addresses.

<table>
<thead>
<tr>
<th>Unit coordinator/lecturer</th>
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</thead>
<tbody>
<tr>
<td><strong>Name:</strong></td>
<td>Dr SzeKee Koh PhD, BCom (Hons), CPA, F FIN</td>
</tr>
<tr>
<td></td>
<td>Assistant Professor (Accounting &amp; Finance)</td>
</tr>
<tr>
<td><strong>Email:</strong></td>
<td><a href="mailto:SzeKee.Koh@uwa.edu.au">SzeKee.Koh@uwa.edu.au</a></td>
</tr>
<tr>
<td><strong>Phone:</strong></td>
<td>+61 8 6488 1816</td>
</tr>
<tr>
<td><strong>Consultation hours:</strong></td>
<td>Wednesday, 11.00 am to 1.00 pm, Room: BUSN. 234</td>
</tr>
<tr>
<td><strong>Lecture times:</strong></td>
<td>Wednesday, 2.00 pm to 4.00 pm</td>
</tr>
<tr>
<td><strong>Lecture venue:</strong></td>
<td>Chemistry Building: Wilsmore Lecture Theatre</td>
</tr>
</tbody>
</table>

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<tr>
<th>Tutor</th>
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</tr>
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<tbody>
<tr>
<td><strong>Name:</strong></td>
<td>Arnina Moore</td>
</tr>
<tr>
<td></td>
<td>Yeok-Fun Mah</td>
</tr>
<tr>
<td><strong>Email:</strong></td>
<td><a href="mailto:Arnina.Moore@uwa.edu.au">Arnina.Moore@uwa.edu.au</a></td>
</tr>
<tr>
<td></td>
<td><a href="mailto:Fun.Mah@uwa.edu.au">Fun.Mah@uwa.edu.au</a></td>
</tr>
<tr>
<td><strong>Phone:</strong></td>
<td>N.A.</td>
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<td></td>
<td>N.A.</td>
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<tr>
<td><strong>Consultation hours:</strong></td>
<td>See WebCT</td>
</tr>
<tr>
<td><strong>Tutorial times:</strong></td>
<td>See WebCT</td>
</tr>
<tr>
<td><strong>Tutorial venue:</strong></td>
<td>See WebCT</td>
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The teaching staff members for FINA3304 BTP will have scheduled times when they are available for student consultation and you are asked to respect these times. Additional consultation times will be added during times of greatest demand, such as before the Mid- and End of Semester Examinations. Details of these additional consultation hours will be made available when appropriate. While it is expected that you will endeavour to see a teaching staff member during their scheduled consultation times, if the scheduled hours of availability are unsuitable, you may be able to arrange a more mutually convenient alternative time. **However, this arrangement is only available with the Lecturer-in-charge.** You are reminded that often the best time for a problem to be solved is in class. Please ensure that you obtain the maximum value from each tutorial by asking for assistance during the class rather than after it concludes. Probably the best way of contacting any teaching staff member of the FINA3304 BTP is via email. It is recommended that when you send an e-mail you also
provide a telephone number as an alternative means of contact. Depending on the nature of your
enquiry, it may be more beneficial to you if a response is given to you via telephone than by e-mail. If
you choose to contact the teaching staff members for the unit via e-mail, you will need to use your
university e-mail address to compose and send your e-mail.

TEXTBOOK(S) AND RESOURCES

Unit website

The unit web page is hosted on WebCT. You can access the pages at http://webct.uwa.edu.au using
your pre-assigned username and password. All course lecture handouts and tutorial answers will be
placed on this site, as well as any announcements and additional information applicable to this unit.
Students are expected to access into the WebCT regularly to avoid missing any important
information posted on the WebCT.

Recommended/required text(s)

9 781121 228894 (Available from Co-op bookshop)

There are multiple copies of prescribed text placed in Closed Reserve at the Reid Library.

The lecture material will be made available to enrolled students on-line from the unit’s webCT
site on a weekly basis. It is the responsibility of the students to print the lecture materials.

Compulsory Reading(s)

Week 1


Week 2

    Business and Finance, 18, pp. 115-127.

Week 3

    Australia: An Innovative Approach To Social And Economic Wealth Creation?”, International Journal
    of Entrepreneurship and Innovation Management, Vol 5, Nos. 5/6, 2005, pp. 495-507

Week 4

  o Prudential Standard APS 112 “Capital Adequacy: Standardised Approach to Credit Risk”,
    January 2008, APRA.

Week 5


Week 11

How to obtain the readings:

All readings can be accessed from the Course Materials Online via the UWA library catalogue :- http://www.library.uwa.edu.au/. At the library website, click on “Course Materials Online”. Login with your UWA number and Barcode number and click on “Finance (FINA)”. Select “Banking: Theory and Practice” and you can locate a copy of the readings.

Additional resources and reading material


Other Useful References

- Report of the Campbell Inquiry
- Wallis Inquiry Report
- APRA Media Releases and "Insight"
- Reserve Bank Bulletins & Media Releases
- Banking Journals

Some Useful Websites

- APRA : www.apra.gov.au
- ASIC : www.asic.gov.au
- ACCC: www.accc.gov.au
- AUSTRAC : www.austtrac.gov.au
- National Australia Bank: www.nab.com.au
- ANZ Bank: www.anz.com.au
- Westpac: www.westpac.com.au
- Bendigo Bank: www.bendigobank.com.au
- Australian Bankers’ Association: www.bankers.asn.au
- Financial Services Institute of Australasia : www.finsia.com.au

ASSESSMENT MECHANISM

The purpose of assessment

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that we grade your work provides you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.
# Assessment mechanism summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Due date</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tutorial Participation</td>
<td>5%</td>
<td>On going</td>
<td>Weekly tutorial questions are available from the WebCT</td>
</tr>
<tr>
<td>Group Presentation</td>
<td>5%</td>
<td>As advised in Tutorial</td>
<td>In a group of 3 Students</td>
</tr>
<tr>
<td>Group Assignment</td>
<td>20%</td>
<td>Wednesday, 12th October, 12 noon</td>
<td>In a group of 4 or 5 Students</td>
</tr>
<tr>
<td>Mid-semester exam</td>
<td>30%</td>
<td>Monday, 19th September, 6 pm</td>
<td>Format of the exam will be made available closer to the exam date</td>
</tr>
<tr>
<td>Final exam</td>
<td>40%</td>
<td>As advised by the examinations office</td>
<td>Format of the exam will be made available closer to the exam date</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note 1:** Results may be subject to scaling and standardisation under faculty policy and are not necessarily the sum of the component parts.

**Note 2:** Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning outcomes as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the unit.

## Assessment components

1) **Tutorial Participation and Preparation.** In order to participate well in tutorials, it is expected of you reading the material beforehand and be fully prepared to participate actively prior to attending your tutorial. Coming to class totally unprepared or not participating at all is equivalent to an absence and will adversely affect your class participation mark. **Please take note that attendance and preparation on its own does not warrant a tutorial mark.** Participating actively in tutorials is immensely important to you benefiting from this course. Therefore, you are also expected to play an active role in explaining the assigned readings, expressing your opinions, asking questions, and contributing to the class discussion. This approach is intended to create a more stimulating learning environment and provide you with the opportunity to practice your communication skills. All forms of class participation will be noted for grading purposes. However, this excludes responses where the student is clearly unprepared or voluntary contributions that are clearly not helpful. Hence, students should take note that participating actively in class is the prerequisite of being awarded a mark in tutorial. **Therefore, no marks will be awarded for just showing up at the tutorial!** Your tutor may also collect several pieces of your tutorial work for grading purpose. Assigned questions for the tutorial classes are downloadable from the WebCT under “Tutorial Program” folder.

2) **Group Presentation.** You are required to give a 5 min presentation on any current media issue relating to the Banking Sector. This presentation will be done in one of your tutorials and should be presented by a group of 3 students attending the same tutorial class. You will need to form such group during the first tutorial in week 2 and your tutor will draw out a schedule of presentation date sequence with you in the first tutorial. The first presentation commences from week 4. Your tutor will discuss the criteria and format of the presentation during the first tutorial.
3) **Group Assignment.** This assignment is designed to assist in the development of students’ problem-solving skills, interpersonal skills and written communication skills. This is a group assessment that should consist of **4 or 5** students in a group. These limits are strict. The Group assignment is due on **Wednesday, 12th October 2011, 12noon.** More details will be released shortly.

4) **Mid-Semester Test.** The mid-semester exam will be held on **Monday, 19th September 2011 at 6 pm.** The exam will cover lecture materials from Weeks 1 to 6 inclusive and tutorial materials from Weeks 2 to 7 inclusive. Further details of the exam will be provided at a later date. Please ensure that you are available to sit the test at the scheduled time. If something exceptional and beyond your control has interfered with your ability to study in the normal way you should consider completing an application for special consideration (see page 7 of the Unit Outline Supplement re: Special Consideration and Deferred Exams).

5) **Final Exam.** The exam will cover the entire course from Weeks 1 to 13 inclusive. Further details of the final exam will be provided during the semester. Please note the discussion above with regards to the request for deferrals.

**Submission of assignments**

Please refer to WebCT for detailed information regarding the group assignment (including the submission of the assignment). The information will be made available shortly.

**Student Guild**

Phone: (+61 8) 6488 2295  
Facsimile: (+61 8) 6488 1041  
E-mail: enquiries@guild.uwa.edu.au  
Website: [http://www.guild.uwa.edu.au](http://www.guild.uwa.edu.au)

**Charter of Student Rights and Responsibilities**

The Charter of Student Rights and Responsibilities outlines the fundamental rights and responsibilities of students who undertake their education at UWA (refer [http://handbooks.uwa.edu.au/undergraduate/poliproc/policies/StudentRights](http://handbooks.uwa.edu.au/undergraduate/poliproc/policies/StudentRights)).

**Appeals against academic assessment**

The University provides the opportunity for students to lodge an appeal against assessment results and/or progress status (refer [http://www.secretariat.uwa.edu.au/home/policies/appeals](http://www.secretariat.uwa.edu.au/home/policies/appeals)).
# UNIT SCHEDULE

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Readings</th>
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</table>
| 1 1 Aug | **Special presentation** by FINSIA  
A Modern Financial System: An Overview of The Australian Financial Environment & System - Deregulation, Re-regulation | Topic 1 (C)  
Edwards & Valentine (1998)  
Harper (1997)  
| 2 8 Aug | Regulatory Bodies  
- The Role of APRA, RBA, ASIC, ACCC & AUSTRAC  
- BIS & Central banks around the globe | Topic 2 (C)  
Buchanan (2004) |
| 3 15 Aug | The Australian Financial Industry – Composition and Performance | Topic 3,4 (C)  
Byrne et al. (2005) |
| 4 22 Aug | Supervision of Australia's FIs  
- Capital Management, Basel II | Topic 5,6 (C)  
APS 112 (Jan 2008) |
| 5 29 Aug | Problems with the supervision of Australia FIs: HIH Insurance; NAB | HIH Royal Commission report |
| 6 5 Sept | Liquidity Risk & The Protection of Deposits | Topic 7,8 (C) |
| 7 12 Sept | Interest Rates | Topic 9,10 (C) |
| 8 19 Sept | **MID SEMESTER EXAM**  
Monday 19th September, 2011: 6pm  
(No Lecture/No tutorial on this week) | |
| 9 3 Oct | Handling Interest Rate Risk (I) | Topic 11,12,13 (C) |
| 10 10 Oct | Handling Interest Rate Risk (II) | Topic 11,12,13 (C) |
| 11 17 Oct | **Guest Speaker**: Mr David Ellison (Head of Retail Credit Risk Reporting- Bankwest)  
The Loan Portfolio & Commercial and Consumer Lending | See footnote 1  
Topic 14 (C)  
Mainelli (2003) |
| 12 24 Oct | International Banking  
- Islamic Banking  
- Sub-Prime mortgage crisis | Topic 15, 16 (C) |
| 13 31 Oct | Revision Lecture | |

C – prescribed textbook for FINA3304 BTP  
Footnote 1: this lecture is not recorded **but** the materials presented may be examinable.
ERROR: syntaxerror
OFFENDING COMMAND: --nostringval--

STACK:

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/ModDate
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/Keywords
(PDFCreator Version 0.9.5)
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(bdoran)
/Author
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