

Academic year	2016-17
Subject	20602 - Introduction to Markets and Financial Operations
Group	Group 34, 1S, GATU
Teaching guide	K
Language	English

## Subject identification

<b>Subject</b>	20602 - Introduction to Markets and Financial Operations
<b>Credits</b>	1.8 de presencials (45 hours) 4.2 de no presencials (105 hours) 6 de totals (150 hours).
<b>Group</b>	Group 34, 1S, GATU (Campus Extens)
<b>Teaching period</b>	First semester
<b>Teaching language</b>	English

## Professors

Lecturers	Horari d'atenció als alumnes					
	Starting time	Finishing time	Day	Start date	Finish date	Office
Juan Alba Pizá juan.alba@uib.es	09:00	10:00	Thursday	12/09/2016	10/02/2017	Despatx 9 Arxiduc - cita prèvia per e-mail

## Contextualisation

Working as a financial manager of a firm or working in the Spanish financial sector is among the main career opportunities after students are graduated on Economics or Business Management. Therefore, finance is one of the most important issues to learn along their studies.

This course is compulsory for the undergraduate program on Business Management, Economics and Tourism and is taught the first year of the program.

The aim of this course is to provide an understanding of the functioning of the Spanish financial system and the essentials of finance management. The student will learn the mathematical tools required to evaluate the most basic finance instruments as for example: Treasury Bills, Government Bonds, Corporate bonds, etc.

Theory will be presented during the course and for each topic, a series of exercises will be proposed, coming from real-life financial applications.

At the end of this course, the student will be equipped with the necessary tools in order to evaluate more complex financial instruments and investments projects in the following courses.

Please note that this is a very intensive course, therefore, the student will be requested to be updated by solving exercises during the course.

## Requirements

Since this is a first year course, there is no special requirement, only the knowledge acquired previous to university.

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### Essential requirements

Intermediate English level written and spoken.

### Skills

#### Specific

- \* Learn to perform a financial analysis, to process and analyse financial information. CE-7 (GT) Learn to collect, process, analyse and interpret financial information. CE-13 (GT) To be able to prove the expertise of different analytical strategies applied to financial problems. (CE2. (GADE) Learn and apply different mathematical tools to evaluate the performance of a firm and understand the mechanism of national and international financial markets. CE12 (GECO). Be able to represent economic and financial problems into mathematical models. Learn to modify the original hypothesis or add news according to the problem, being aware of the model's limitation and potentiality..

#### Generic

- \* CG1 (GADE) CG4 (GECO) Develop communication and team work skills..
- \* CG4 (GADE) CG1 (GECO) Learn to use different information technologies and communication tools. CG3 (GT) Learn to collect and analyse quantitative and qualitative data. Develop a critical analysis about economic and financial problems related to the tourism..
- \* Criticism. CG5 (GADE). To be able to collect and interpret relevant financial data in order to analyse subjects related to social, scientific and ethic issues. CG5 (GECO) Analyse problems consistently, with criticism, precision and rigour..
- \* Learning and summarizing capacity. CG7 (GADE) Develop the appropriate skills required to learn and study by his/her own way on further topics. CG7(GECO) To be able to summarize the contents of the course. CG5 (GT) Develop the appropriate skills required to learn and study by his/her own way on further topics on tourism issues..

#### Basic

- \* You may consult the basic competencies students will have to achieve by the end of the degree at the following address: <http://www.uib.eu/study/grau/Basic-Competences-In-Bachelors-Degree-Studies/>

### Content

#### Theme content

1. Introduction to Financial Markets and Financial Institutions
  - 1.1. Introduction
  - 1.2. Financial participants
    - 1.2.1. Financial institutions
    - 1.2.2. Supervision entities
    - 1.2.3. Intermediary entities
  - 1.3. Financial markets
    - 1.3.1. The intra-bank market

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- 1.3.2. Fixed income market
- 1.3.3. Non-fixed income market
- 1.4. The stock market
  - 1.4.1. Market contracts
  - 1.4.2. Financial orders and transactions
  - 1.4.3. The stock index
  - 1.4.4. The Spanish stock market
- 2. Introduction to Financial Mathematics
  - 2.1. The time value of money
  - 2.2. Financial capital
  - 2.3. Financial transactions
  - 2.4. The principle of financial equivalence
- 3. Interest Rates
  - 3.1. Interest accumulation and effective rates of interest
    - 3.1.1. Effective rates of interest
    - 3.1.2. Simple interest
    - 3.1.3. Compounding interest
    - 3.1.4. Accumulated amount function
  - 3.2. Present value and equations of value
    - 3.2.1. Present Value
    - 3.2.2. Equation of value
  - 3.3. Nominal rates of interest
  - 3.4. Effective and nominal rates of discount
    - 3.4.1 Effective annual rate of discount
    - 3.4.2 Nominal annual rate of discount
  - 3.5. The force of interest
  - 3.6. Inflation and the real rate of interest
- 4. The Rate of Return of an Investment
  - 4.1. The Internal Rate of Return on a transaction
  - 4.2. Project evaluation using Net Present Value
  - 4.3. T.A.E. the Spanish Annual Equivalent Rate
- 5. Valuation of Annuities
  - 5.1 Annuities whose payments are constant
  - 5.2 Accumulated and Present Value of an annuity
  - 5.3 Annuity-immediate and annuity-due
  - 5.4 Differing interest and payment period
  - 5.5 Perpetuity
  - 5.6 Annuities whose payments form an arithmetic progression
  - 5.7 Annuities whose payments form a geometric progression
- 6. Fixed-Income Investments
  - 6.1. Introduction
  - 6.2. Treasury Bills
  - 6.3. Government Bonds

#### 6.4. The Term Structure of Interest Rates

### Teaching methodology

#### In-class work activities

Modality	Name	Typ. Grp.	Description	Hours
Theory classes	THEORY	Large group (G)	The professor will present and explain the main concepts, definitions and theory related to each subject. Real-life examples will be presented also in order to provide a better understanding of the subject.	28
Practical classes	PRACTICE	Large group (G)	The students will solve the practical exercises on the blackboard.	12
Assessment	FINAL EXAM	Large group (G)	It consists on a two-hours final written exam to be solved individually. It includes all Chapters and it accounts 50% of the final grade.  IMPORTANT TO NOTICE: The minimal note you have to get on the final exam to pass the course is 4 over 10. If the student fails the final exam, there is a retake examination on February.	3
Assessment	FIRST PARTIAL EXAM	Large group (G)	It consists:  In a one-hour partial exam to be solved individually. It includes theory of Chapter 1. It accounts 20% of the final grade.  IMPORTANT TO NOTICE: this note is non recoverable on February	1
Assessment	SECOND PARTIAL EXAM	Large group (G)	It is a one hours partial exam to be solved individually. It includes theory and practice of Chapters 2 to 5. It accounts 30% of the final grade.  IMPORTANT TO NOTICE: this note is non recoverable on February	1

At the beginning of the semester a schedule of the subject will be made available to students through the UIBdigital platform. The schedule shall at least include the dates when the continuing assessment tests will be conducted and the hand-in dates for the assignments. In addition, the lecturer shall inform students as to whether the subject work plan will be carried out through the schedule or through another way included in the Campus Extens platform.

#### Distance education work activities

Modality	Name	Description	Hours
Individual self-study	INDIVIDUAL STUDY	This is THE MOST IMPORTANT PART: students have to work individually on solving exercises by themselves to be sure they understand	75

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Modality	Name	Description	Hours
		the theory and are able to put it into practice. During the course, the professor will give to the students some exercises and their solutions that may facilitate a better understanding of the subject.	
Group self-study	GROUP STUDY	Students will be asked to solve some problems by teams. This will facilitate the understanding of the content of the course and will allow the student to develop communication skills.	30

### Specific risks and protective measures

The learning activities of this course do not entail specific health or safety risks for the students and therefore no special protective measures are needed.

### Student learning assessment

#### FINAL EXAM

Modality	Assessment
Technique	Objective tests ( <b>retrievable</b> )
Description	It consists on a two-hours final written exam to be solved individually. It includes all Chapters and it accounts 50% of the final grade. <b>IMPORTANT TO NOTICE:</b> The minimal note you have to get on the final exam to pass the course is 4 over 10. If the student fails the final exam, there is a retake examination on Febrery.
Assessment criteria	It consists on a two or three-hours final written exam to be solved individually. It includes all Chapters and it accounts 50% of the final grade.  <b>IMPORTANT TO NOTICE:</b> The minimal note you have to get on the final exam to pass the course is 4 over 10. If the student fails the final exam, there is a retake examination on Febrery

Final grade percentage: 50% with minimum grade 4

#### FIRST PARTIAL EXAM

Modality	Assessment
Technique	Objective tests ( <b>non-retrievable</b> )
Description	It consists: In a one-hour partial exam to be solved individually. It includes theory of Chapter 1. It accounts 20% of the final grade. <b>IMPORTANT TO NOTICE:</b> this note is non recoverable on Febrery
Assessment criteria	It is a one-hour partial exam to be solved individually. It includes theory of Chapter 1. It accounts 20% of the final grade.  <b>IMPORTANT TO NOTICE:</b> this note is non recoverable on Febrery

Final grade percentage: 20%

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### SECOND PARTIAL EXAM

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Modality	Assessment
Technique	Objective tests ( <b>non-retrievable</b> )
Description	It is a one hours partial exam to be solved individually. It includes theory and practice of Chapters 2 to 5. It accounts 30% of the final grade. <b>IMPORTANT TO NOTICE:</b> this note is non recoverable on Febrery
Assessment criteria	It is a one-hour partial exam to be solved individually. It includes theory and practice of Chapters 2 to 5. It accounts 30% of the final grade.  <b>IMPORTANT TO NOTICE:</b> this note is non recoverable on Febrery

Final grade percentage: 30%

### Resources, bibliography and additional documentation

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Broverman, S., MATHEMATICS OF INVESTMENT AND CREDIT; Actex Academic series, 4th Edition, 2008.

Kellison, S., THEORY OF INTEREST; McGraw-Hill/Irwin, 3rd Edition, 2008.

Monter, R., Deyà, B. INTRODUCTION TO THE MARKETS AND FINANCIAL OPERATIONS: a bilingual course notes. In preparation.

Some Spanish and English documents such as newspapers, web pages and others to be distributed during the course.

#### Basic bibliography

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Broverman, S., MATHEMATICS OF INVESTMENT AND CREDIT; Actex Academic series, 4th Edition, 2008. This text is a thorough treatment of the theory of interest, and its application to a wide variety of financial instruments. It emphasizes a direct-calculation approach to reaching numerical results, and uses a gentle, thorough pedagogic style. The book will be partially covered.

#### Complementary bibliography

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Kellison, S., THEORY OF INTEREST. This book is complementary.

#### Other resources

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Concerning Chapter 1 and 4 (Spanish financial market and T.A.E.) students may need to read some Spanish documents as newspapers, internet web pages and other documents to be distributed during the course. It is important to notice that some exercises to solve at home will be distributed in Spanish.