

NATIONAL UNIVERSITY



Fourth Year Syllabus Department of Finance & Banking

Four-Year B.B.A. (Honours) Course
Effective from the Session : 2013–2014

National University

Subject: Finance & Banking

**Syllabus for Four-Year BBA Honours Course
Effective from the Session: 2013-2014**

Year-wise Papers and marks distribution.

Fourth Year

Paper Code	Paper Title	Marks	Credits
242401	International Trade and Finance	100	4
242403	Public Finance and Taxation	100	4
242405	Financial Market and Institutions	100	4
242407	Comparative Financial System	100	4
242409	Human Resource Management	100	4
242411	Business Research Methodology	100	4
242413	SME and Micro Finance	100	4
242415	E-Banking & E-Commerce	100	4
242417	Central Banking	100	4
242418	Viva-Voce	100	4
	Total =	1000	40

Detailed Syllabus

Paper Code: 242401	Marks: 100	Credits: 4	Class Hours: 60 hrs.
Paper Title:	INTERNATIONAL TRADE AND FINANCE		

1. **International Trade Model:** The basic trade model; application of basic trade model and the pattern of trade. Theory of comparative advantage and absolute cost advantage.
2. **International Trade Policy:** The instruments of trade policy and welfare; trade policies in developing countries. Regional trade integration: SAPTA, European Common Market, ASEA and OPEC.
3. **Financing International Trade:** Payment methods for international trade; prepayment, letters of credit, drafts, consignment, open account trade finance methods; accounts receivable financing, factoring, letters of credit. Agencies that motivate international trade
4. **International Flow of Funds:** Balance of payments, current account, capital account, Factors affecting international trade flows, correcting a balance of trade deficit.
5. **Exchange Rate Determination:** Measuring exchange rate movements, exchange rate equilibrium, factors that influence exchange rates'
6. **Government Influence on Exchange Rates:** Exchange rate systems, government intervention, reasons for government intervention, direct intervention, indirect intervention, how central bank intervention can affect an MNC's value.
7. **Direct Foreign Investment:** Motives for direct foreign investment revenue related motives, cost related motives. Benefits of international diversification, diversification benefits during a global crisis, diversification benefits of multiple projects.
8. **Multinational capital Budgeting:** subsidiary vs. parent perspective, tax differentials, restricted remittances, excessive remittances, exchange rate movements, factors to consider in multinational capital budgeting; exchange rate fluctuation, inflation, financing arrangement, blocked funds etc., adjusting project assessment for risk.
9. **International Cash Management:** Cash flow analysis: subsidiary perspective, subsidiary expenses, subsidiary revenue, subsidiary dividend payments, and subsidiary liquidity management. Techniques to optimize cash flows.

Books Recommended :

1. Jeff Madura : *International Financial Management*, 8th Edition
2. Soderstein, Board reed : *International Economics*

Paper Code: 242403	Marks: 100	Credits: 4	Class Hours: 60 hrs.
Paper Title:	PUBLIC FINANCE AND TAXATION		

1. **Introduction:** Definition, Scope, functions, objectives, public goods and its classifications' public goods vs. private goods, Normative and subjective approach, pure public goods.

2. **Efficiency, optimality and the allocation of resources:** Pareto optimality and social optimality. Pareto optimality and the competitive situation: efficiency in consumption and production, efficiency in relative allocation of factors to various goods, Pareto optimality, competition and social optimality, Competition and govt. action.
3. **Pure public goods:** The characteristics of public goods, the optimal provision of public goods' Public goods and a free market allocation, The nature of the political process, the citizen voters: political parties and elected representatives, the decision making role of executive and bureaucracy.
4. **Externalities and the role of Government:** Consumption externalities, production externalities, Pecuniary, technological' negative externalities and spill over effects. Direct negotiation' The need for govt. intervention.
5. **Government and the income distribution:** The need for governmental redistribution, Pareto optimal redistribution' ethical income redistribution, Distributive shares and wages differentials. Income distribution and poverty, The role of govt. and the income distribution.
6. **Budget system and cost-benefit analysis:** Budget system: nature of budgets, the budget cycle. Operation of the budgetary process' cost benefit analysis, the elements in a cost benefit study, the need for discounting' merits and limitations of cost-benefit analysis.
7. **Tax system in Bangladesh :** Definition of tax, characteristics of tax. The scheme of income tax law: an overview, structure of income tax ordinance, 1984. A brief history of income tax law in Bangladesh, Rights and obligation of a taxpayer under the ITO, 1984: types of income tax authorities' Taxes Appellate tribunal.
8. **Basics of Income tax :** Definition and principles of income tax, Income year, Definition of Assessee, Computation of total income, charge of tax, charge of surcharge, charge of additional tax, tax rates, charge of minimum tax for individual and companies.
9. **Effects of Taxation :** The approaches to consumption taxation, Relative economic effects of two forms of taxes, relative supply of labor in various occupations, effects of savings, capital formation, major problems of expenditure taxes.
10. **Public Finance and the developing economies :** The characteristics of the LDCs, the primary determinants of economic growth, goals of the developing economies, the tax structure in LDCs.

Books Recommended:

1. Jhon F. Due and Ann F. Friedlaender : *Government Finance*
2. Harvey S. Rosen : *Public Finance, 7th Edition*
3. Dr. Monjur Morshed Mahmud : *Taxation in Bangladesh*

Paper Code: 242405	Marks: 100	Credits: 4	Class Hours: 60 hrs.
Paper Title:	FINANCIAL MARKET AND INSTITUTIONS		

1. **Introduction:** Role, function and Types of financial markets. Securities traded in financial market, Derivative securities, Valuation of securities in financial markets, Market efficiency, Globalization of financial market.
2. **Financial Assets and Financial Transactions:** Creation of financial assets, characteristics of financial assets, Types of financial transaction.
3. **Determination of Interest Rates :** Loanable Fund Theory, Household demand, Business demand, Govt. demand and Foreign demand for loanable funds, Aggregate demand and aggregate supply of loanable funds, Equilibrium interest rate, Economic forces that affects interest rates. Relationship between interest rate and security price.
4. **Money Markets:** Money Market Securities: Treasury bills, Commercial paper, Negotiable certificate of deposit, Repurchase agreement, Bankers acceptance. Institutional use of money market, Valuation of money market securities.
5. **Bond markets:** Background of bonds, Bond yields, Treasury bond, Treasury bond auction, Corporate bonds, Characteristics of corporate bonds.
6. **Equity Market:** Primary and Secondary markets, Definition, role and functions, IPO: Process of going public, Investment banker, ICB, Merchant banker, Secondary market liquidity, Elements of liquidity, Intermediation. Broker, Dealer, Specialists, Trading arrangements, Margin trading, Short selling, Market disorder-Wash sale, insider trading, pool, Organized exchanges, DSE, & CSE, Third and Fourth markets, Regulatory body BSEC.
7. **Thrift Operations:** Background on savings Institutions, Sources and use of fund, Performance of savings institutions.
8. **Finance Operations:** Types of Finance companies, Sources and use of Finance Companies funds, Risk faced by Finance Companies, Participation in financial markets.
9. **Mutual Fund Operations:** Background on Mutual Funds, Types of funds, Corporate control by Mutual Funds, Stock Mutual Fund categories, Specialty Funds, Bond Mutual Fund Categories, Growth and Size of Mutual Funds, Money market funds.

Books Recommended:

1. Jeff Madura : *Financial Institutions and Markets*, 9th Edition
2. Peter S. Rose : *Money and Capital Markets*
3. DSE Fact Book-Variou issues
4. Annual Reports of Financial Institutions

Paper Code: 242407	Marks: 100	Credits: 4	Class Hours: 60 hrs.
Paper Title :	COMPARATIVE FINANCIAL SYSTEM		

1. **Overview of financial systems:** The main functions and structures of modern financial systems
2. **Financial Structures and Regulations:** Comparative financial structures and regulations in developed, developing and emerging economies; Financial Repression and Evolving Financial Systems, Banking Reforms in Russia, China and India
3. **Financial globalization in historical perspective:** The origins of financial globalization, trade and international capital flows, The political / systemic roots of financial globalization, international monetary and financial regulation
4. **The new global financial actors:** Emergence of global actors, money and capital markets, stock markets, Islamic banking practices.
5. **The impact of financial globalization:** Economic growth and stability, financial globalization and economic development, financial globalization and stability
6. **Diversification of Banking Activities :** The Expansion of Banks into Non-banking Financial Services, the Effect of Non-interest Income on Banks, Total Income, Global Markets and centers, International Banking, Banking Issues in the 21st Century.
7. **Global Regulation of Financial Institutions:** Significance of financial regulations, International Regulation, Basel Accord II and III, Complementary Approaches to Basel, International Financial Architecture.
8. **Financial crisis:** Definitions and controversies, Financial crisis of 2008, European sovereign debt crises, The south East Asian Financial crisis, 1997-99; The Japanese Banking Crisis, Scandinavian Banking Crises, Long Term Capital Management (LTCM)

Books Recommended:

1. Burton and Lombra : *The financial system and the economy*
2. M. Umar Chopra : *Toward a just monetary system*

Paper Code: 242409	Marks: 100	Credits: 4	Class Hours: 60 hrs.
Paper Title:	HUMAN RESOURCE MANAGEMENT		

1. **Introduction to Human Resource Management:** Definition, importance, functions, models, environment-influencing HRM, globalization and its impact on HRM.
2. **Acquisition of Human Resources:** Human Resource Planning, its importance, steps, effects of retirement on Human Resource planning. Job analysis, definition, methods, purposes, recruitment sources, factors effecting recruitment constraints and sources, Selection process, benefits of proper selection, discrete and comprehensive selection process, characteristics of good selection devices, Selection devices, application forms, tests interview, background investigations, socializing new employee, meaning, process, consideration in developing socializing program.

3. **Development of Human Resources:** Meaning of training and management development, training and learning determining needs for training, training methods, methods of developing managers, Career development, meaning, importance, stages, techniques, and Institutions criteria for distribution.
4. **Motivation of Human Resources:** Motivation, meaning, process, theories, applications, Performance appraisals, process, methods, factors, distorting appraisals, suggestions for improved appraisals, Rewards, types qualities, criteria for distribution.
5. **Maintenance of Human Resources:** Compensation Administration, factors effecting salary structure, job evaluation, incentive compensation plans, executive compensation. Benefits and Services, impact on motivation, legal requirements, voluntary benefits and services, impact on motivation, legal requirement, voluntary benefits and services provided, current trends Employee discipline, definition, types of disciplinary problems, factors determining disciplinary actions, guidelines for administering discipline, disciplinary actions available for managers. Safety and Health, Safety programs, health programs, work stress, employee burnout, Employee relations, formation and registration of trade unions, institutional methods of maintaining good relations. Grievance handling process, collective bargaining and other methods of resolving disputes and industrial democracy.

Books Recommended:

1. David A Decenzo and Stephen P Rabbins : *Human Resource Management*, John Wiley and Sons, Inc New York
2. Gary Dessler : *Human Resource Management*, Prentice-Hall of India, New Delhi

Paper Code: 242411	Marks: 100	Credits: 4	Class Hours: 60 hrs.
Paper Title:	BUSINESS RESEARCH METHODOLOGY		

Research Methodology:

1. **Introduction to Business Research:** What is business research, Why study research, Value of acquiring research skills, types of studies used to do research, What is good research, Manager-Researcher relationship, Manager-Researcher Conflicts, When Research should be avoided.
2. **Research Methodology:** Define research methodology, Variable, Attribute, Indicator, Operational definition, Deductive and inductive thinking, Research methods Vs. methodology, Criteria of a good research, Qualities of a good research, Types of Business research, Research proposal (technical &v financial), Steps in research/ Research process. , Deciding on the research approach and choosing a research strategy, Turning research ideas into research projects, The importance of theory in writing research questions and objectives.
3. **Sampling :** What is sampling, Reasons for sampling instead of census, Errors in sampling, Sample design (Sample size, Sampling frame, Sampling technique), Development of instruments, Steps in developing instruments, Sources of data, Data collecting method, Data collection procedure/Administering the instruments/Field survey, Quality control &

monitoring, Point estimates, Interval estimates, Standard Error of the sample means, Constructing general confidence intervals, Finite-population correction factor.

4. **Test of Hypothesis:** Hypothesis, Types of hypothesis, Methodology-errors & risks in hypothesis testing, Steps in hypothesis testing, Types of tests, Purposes of various tests.

Econometrics:

5. Review of regression-assumptions-violations-consequences-and corrective measures. Problems of Heteroskedasticity, autocorrelation and multicollinearity. (*Chapter 3-7 of text book number 1*)
6. Exploring data patterns and selection of forecasting techniques: more arithmetical approaches: moving averages and smothering methods . (*Chapter 3-5 of text book number 2*)
7. Autoregressive process-estimation of AR, MA (moving average) and ARMA (Autoregressive moving average).-The Box-Jenkins (ARIMA) approach. (*Chapter 13 of 'Text Book Number 1, and Chapters B-9 of text book number 2*)

Book Recommended:

1. Donald R. Cooper : *Business Research Methods*, Latest available edition
Pamela S. Schindler

Reference Books:

1. G.S. Maddala : *Introduction to Economics*, Latest available edition
2. J. F., Hanke, A. G. Reitsch and : *Business Forecasting*, Latest edition
D. W. Wichern
3. A.K. Koutsoyiannis : *Theory of Econometrics* (for general reading)

Paper Code: 242413	Marks: 100	Credits: 4	Class Hours: 60 hrs.
Paper Title:	SME AND MICRO FINANCE		

1. **Introduction:** Socio-economic background of Bangladesh and its rural economy; definition and characteristic of small and medium enterprises (SMEs); sources of SME and microfinance. objectives and policies Govt. regarding SME financing; emergence of SME and microfinance; Historical background of microfinance in Bangladesh.
2. **Markets for Microfinance:** Definition and characteristics of informal credit market and formal cooperative credit market Demand and supply of microfinance; Theories and Approaches of microfinance: Imperfect Information Paradigm Theory-Credit Rationing, Adverse Selection, Moral Hazard: market players of micro finance, objectives and policies of both formal and informal MFIs.
3. **Micro Finance Institutions (MFIs)** : Formal and Informal Rural Financial Institutions (MFIs), Interest- free and Interest-based MFIs, Superiority of Interest-free MFIs over Interest-based MFIs, Mission and Vision of Formal and Informal MFIs; Non-government Organizations (NGOs); SME foundation: its functions, objectives, roles.

4. **Microfinance Approaches and Models** : World-wide used lending models: Grameen Group-based Lending Model/Approach, Individual Approach, Village Banking Model SHGs Approach: Interest-free Micro Investment Model (RDS of IBBI), Replication of Grameen Model' Analysis of the major lending methodologies in microfinance; Tool for measuring poverty and impact of microfinance services.
5. **Performance Evaluation of MFIs** : Studies on MF Performance Evaluation; Repayment Rates, Financial Viability, Profitability, Leverage and Capital Adequacy, Borrowers Viability and poverty Alleviation. Indicators of Tools applied in Performance Evaluation; Performance Measurement indicators developed by various organizations (AIMs, OECD, CGAR and SWEEP Network), performance evaluation of some leading MFIs; Monitoring and supervision; Subsidy and sustainability of the programs as well as MFIs'
6. **Impact Assessment on Microfinance**: Existing Theories on Impact Assessment: Intermediary School of Thoughts, Intended Beneficiary School of Thoughts; Impact Assessment Models/Techniques: Qualitative and Quantitative Techniques.
7. **Policy and Legal Framework** : Regulatory Requirements and Policy Support for the Development of SME and Microfinance Activities; Government Policy and Legal Framework Regarding Microfinance in Bangladesh, Role of Government and Central Bank; Micro Credit Regulatory Authority (MRA) in Bangladesh.
8. **Critics and Challenges of Microfinance** : Constrains and challenges in Micro-credit and microfinance, As per view point of target, clients/beneficiaries, as per view point of provider of Funds, As per Previous researches, some way outs to overcome the same.

Books Recommended:

1. Maria Otero & Elisabeth Rhyne: *The New World of Micro enterprise Finance : Building Healthy Financial Institutions for the Poor*, Kumarian Press, 1994
2. Microfinance Handbook, World Bank, 1999
3. Elisabeth Rhyne and Deborah Drake : *Commercialization of Microfinance*, Edited by Elisabeth Drake, Kumarian Press, 2002
3. The Microfinance Revolution : World Bank, 2001

Reference Books:

1. Rural and Micro Finance in Bangladesh : Principles and Practice
2. Joanna Ledgerwood and Iffat Sharif : *Who Needs Credit?- Poverty and Finance in Bangladesh*
3. A.R. Khan : *Rural Finance and Banking*
4. Joanna Ledgerwood : *Microfinance Handbook-An Institutional and Financial Perspective*
5. Marguerite S. Robinson : *Annual Reports of BKB, RAKUB, PKSf, Bangladesh Bank Credit Norms etc.*

6. Shahdiur R. Khandker : *Fighting Poverty with Micro Credit*
7. Iffat Sharif and Geoffrey Wood: *Challenges for Second Generation Micro Finance-Regulation, Supervision and Resource Mobilization*

Paper Code: 242415	Marks: 100	Credits: 4	Class Hours: 60 hrs.
Paper Title:	E-BANKING AND E-COMMERCE		

E-Banking: Opportunities, Legal Framework; e-payment Systems; Checks, Collections, Debit and Credit Cards, Lock Box, Clearing House, Transaction Processing, Cryptography and Authentication; Recent Trends : World Stage, Asian Scenario, Bangladesh Perspective; Future of e-banking.

E-commerce: Introduction to e-Business & E-Commerce; E-commerce Fundamentals; E-Business Infrastructure; E-Business Strategy; E-Marketing; Issue of risk and security in E-Commerce, E-Commerce and Internet.

Books Recommended:

1. David Chaffey : *E-Business and E-Commerce Management*
2. Graham Field : *E-Payment in Financial Services.*
3. William Essex : *Making Online Banking Pay Upgrading Your E-Strategy*
4. William Frankel : *Trade Finance Banking and Electronic Commerce Sources of Competitive Advantage in an Era of Technological Upheaval.*
5. David Evans,
Richard Schmalensee : *Paying With Plastic : The Digital Revolution in Buying and Borrowing*
6. Michael Violano, Shimon-
Craig Van Collie : *Retail Banking Technology: Strategies and Resources That Seize the Competitive Advantage*
7. Joseph Di Vanna : *Future of Retail Banking*

Paper Code: 242417	Marks: 100	Credits: 4	Class Hours: 60 hrs.
Paper Title:	CENTRAL BANKING		

01. History of Money and Banking: Bank create money, Gold Standard The economic history of banking.

02. History and Functions of Central Banks: The history of interbank settlement arrangements: exploring central banks' role in the payment system, the main tendencies in modern central banking, Roles and objectives of modern central banks, Foreign Trade and Capital Flows, Foreign Exchange Reserve Management.

03. Monetary Policy (Objectives and Tools): Selection and Use of Monetary Policy Instruments, Why are Central Banks Pursuing Long-run Price Stability?, Communication of monetary policy decisions by central banks: what is revealed and why.

04. Central Bank Independence & Clearing House Function: Central bank independence, transparency and accountability, Clearing House Function of Central Bank.

05. Camels & Basel: CAMELS Rating, BIS Capital Requirement for Financial Risk, Bank Regulations, Basel II & III, Solvency II.

06. Bangladesh Bank Circular & Regulations: Recent Monetary policy statement, Bangladesh Automated Clearing House, Guidance notes on prevention of money Laundering, Guidelines to establish a banking company in Bangladesh, Conventional bank to Islamic bank & Open a separate Islamic banking division and branches.

Books Recommended:

1. Alan S. Blinder, Central Banking in Theory and Practice, The MIT Press.
2. Mathias Dewatripont & Jean Tirole, The Prudential Regulation of Banks, MIT Press.
3. Bank for International Settlements (BIS), Issues in the Governance of Central Banks, A report from the Central Bank Governance Group
4. Bangladesh Bank Website: <http://www.bangladesh-bank.org>

Paper Code: 242418	Marks: 100	Credits: 4	
Paper Title:	Viva-Voce		