**FINANCE 4324: COMMERCIAL BANK MANAGEMENT (3 credit hours)**

**FALL 2015 SCHEDULE & SYLLABUS**

**Classes: Section 1, 9:00-10:15 on Monday and Wednesday (BA1 122)  
Section 2, 10:30-11:45 on Monday and Wednesday (BA1 122)**

**Tentative Schedule** - lecture numbers refer to the material for the lectures that may be found at https://webcourses.ucf.edu/eportfolios/21247. **Although this is a webcourses listing you may not be able to access it through webcourses; therefore, be sure to use the aforementioned website**. This schedule is subject to change. Students will be notified in class of any significant changes or through communications with students that will be directed to their knights email addresses; therefore, students should make sure that account works and check it on a regular basis.

**Date Lecture**

8/24 1

8/26 2 **(BHC SIGN-UP for Project Due by noon)**

8/31 3

9/2 4

9/7 **Labor Day Holiday (no class)**  
9/9 5 **(Page 1 of YOUR BHC form Due)**

9/14 6

9/16 7

9/21 8

9/23 Review for test 1 on lectures 1-8

**9/28 Test 1 on material in lectures 1-8**

9/30 9

10/5 10

10/7 11

10/12 12

10/14 13   
10/19 14

10/21 15

10/26 16

10/28 Review for test 2 on lectures 9-16

**11/2 Test 2 on lectures 9-16**

**11/2 WITHDRAWAL DEADLINE**

11/4 17

11/9 18 **(BHC PROJECTS DUE)**

11/11 **Veteran’s Day Holiday observed(no class)**

11/16 19

11/18 20 **(Bloomberg Projects Due)**

11/23 21

11/25 22

11/26 **THANKSGIVING**

11/30 23

12/2 24  
12/7 Review for test 3 on lectures 17-24(LAST DAY OF CLASS)

**Final exams will be given at the appointed time for this class and all students should plan on taking the exam then.**

**Section 1 (9-10:15 MW) Wednesday, December 09, 2015,7:00 AM – 8:30 AM**

**Section 2 (10:30-11:45 MW) Monday, December 14, 2015, 10:00 AM – 11:30 AM**

Instructor: Dr. Stanley D. Smith, Professor of Finance (A short professional profile may be found at his website,

<http://business.ucf.edu/person/stanley-smith/>.)

Office: BA1 410

Phone: (407)823-6453

FAX: (407) 823-6676

E-mail: stan.smith@ucf.edu

Prerequisite: A passing grade in Financial Markets, FIN 3303. Any student who does not meet this requirement MAY BE DROPPED from the class and may not receive a refund of tuition and it may be too late to add another class. IF YOU DO NOT MEET THIS REQUIREMENT, DROP THIS COURSE IMMEDIATELY.

EXPECTATIONS: This course is an elective. The assumption is made that the

student has an interest in commercial banking. This course requires a lot of discipline in keeping up with the work. In addition, senior students near graduation are expected to exhibit professional behavior, including attending class and coming to class on time.

"Eighty percent of success is showing up." - Woody Allen

To avoid distractions in class, no electronic devices, such as telephones, PDAs or tape recording devices, may be used in class by the students. For exams, the student is expected to bring a financial-type calculator that is commonly used in most finance classes. Calculators, phones or laptops that have text entry are not allowed for exams.

Laptop Policy: Laptops will be allowed for use in the classroom; however, they have been a distraction in the past. The instructor may eliminate or suspend the use of laptops for an individual or the whole class at his discretion.

Cell Phone Policy: If a student's phone rings in class then the student's course average will be lowered one point for each occasion. The policy also includes a penalty of a loss of one point

from the student's course average for each occurrence of accessing your cell phone in any way, e.g., viewing or punching a key on your phone, during the lecture. If you have an emergency-related issue that requires you to put your cell on vibrate so you may leave class to take a call related to the emergency you should seek approval from the instructor prior to the class. Otherwise, your actions will be viewed as a violation of the policy. This policy is motivated by recruiters' comments and classroom experience that indicate that many UCF students do not understand the basic manners associated with cell phone use in a professional environment.

Textbook: Bank Management & Financial Services, Peter S. Rose and Sylvia

Hudgins, 9th edition, 2013, McGraw-Hill/Irwin Publishing Company. UCF Custom Edition, ISBN 007765675X by McGraw-Hill. It is a Black & White text with a soft cover. This is a special edition of the regular textbook that is designed for this course. In the class schedule and notes the page numbers refer to the page numbers for the whole text which appear at the top of the page. This text should be considerably cheaper than the regular hard back, colored text that includes more chapters than we will use. This is the first semester for the use of this text so there should not be used versions. A used version of the whole text that includes Chapter 2-18 would work. The ISBN for the whole text is 978-0-07-803467-1.

**Office Hours** and Other Contact Information: Office hours will normally be 1-2 p.m. on Monday and Wednesday when regular classes are scheduled, or by appointment. Please feel free to contact me in person; however, if that is not convenient, I am very conscientious about checking and responding to my e-mail and voice mail. When e-mailing me be sure to put "CBM" or "FIN 4324" in the subject line and any other information that is relevant to the subject. Professors receive a lot of spam mail and the inclusion of CBM in the subject is to make sure that your message is not accidentally deleted.

Course Description: An analysis of the interactions of commercial banking

policies and an analysis of current approaches to managing specific bank

products.

Course Objectives: The approach in this class is to teach the student about producing and pricing financial products. We will use recent examples and take the producer's point of view but this perspective is also important as a buyer of these products as a consumer, financial analyst or business financial manager. If you are going to be an effective buyer of these products for yourself or others, you need to understand as much as possible about what the seller of the product knows. There are many overlaps with corporate finance, e.g., mortgage loans are a large source of funds for nonfinancial businesses, particularly non-corporate nonfinancial businesses; bank and other loans are an important source of funds; payment and treasury services are an important bank product for nonfinancial businesses; effective interest rates may vary considerably by type of loan; and the many different loan risk characteristics apply to other types of financing and investments. Examples include:

Real Estate Lending (Consumer and Commercial),

Commercial Lending (Small and Large Businesses),

Consumer Lending (Auto, Personal, or Credit Cards),

Deposit Management (Retail and Wholesale),

Liquidity and Cash Management,

Asset/Liability Management,

Investment Banking,

Management of Trust Activities or Investment Products by Banks,

New methods of delivery that also affect nonfinancial firms (Internet Banking, retail store branches, call centers, and payment systems such as credit cards, debit cards, and mobile phones).

Course Topics and Grading Weights:

Exams - Three exams worth 30% each of your course grade will be given. Scantron forms will be needed for the exam and this requirement is the student's responsibility. If a student takes an exam then that score counts in the grading process. A student is not allowed to retake an exam. If a student misses an exam for any reason other than an authorized university event he will take a makeup exam that will count for the missed exam during the scheduled final exam period after the regular final exam. The material and notes for the associated exams are subject to change as developments occur during the semester and may be found at

<https://webcourses.ucf.edu/eportfolios/21247>. You are expected to take the exams and quizzes at the normal time with your specific class. The material is cumulative in that future lectures are based on past lectures. If there are any questions about the integrity of a student’s exam she may be asked to make an appointment with the instructor to verbally demonstrate she has the knowledge that was indicated on the exam.

Students who plan to miss class for Authorized University Events (must present official authorization), and Religious Holidays, should contact the instructor during the first two weeks of class or as soon as the actual or potential event or holiday are known to the student to schedule a make-up exam.

BHC Project - The project is worth 10% of your course grade. Each student must chose a different bank holding company (BHC) and be approved by the Prof. Smith. A list of BHCs will be provided in the class. The BHCs will be accepted on a first-come, first-selected basis. The project has 10 key financial ratios of interest with three pieces of analysis for each ratio, e.g., is the ratio better or worse than the peer group, is the percentile for the bank better or worse than the median, and is the ratio better or worse than the previous period) for a total of 90 points. The correct input of the related information is worth 10 points. The information comes from a 28-page bank performance report that will be discussed in class during the semester. Directions and other supporting information may be found at

<https://webcourses.ucf.edu/eportfolios/21247/COURSES/FIN_4324_BHC_Analysis_Project>.

**Prof. Smith will provide a signup sheet in class. Selection of each student's bank holding company for the class project is due by August 26, 2015, and has to be approved by the instructor. IN OTHER WORDS YOU NEED TO ATTEND CLASS DURING THE FIRST WEEK TO ACCOMPLISH THIS SELECTION. As of Fall 2014, all faculty members are required to document students' academic activity at the beginning of each course. In order to document that you began this course, please complete the signup sheet by the end of the first week of classes, or as soon as possible after adding the course. Failure to do so will result in a delay in the disbursement of your financial aid.**

**Each class day that the selection is late will cost the student 10% of the class project grade for each late class day. Page 1 of the student’s approved BHC form is to be turned in on lecture 5, September 9, 2015,and each class day that the page is not turned in will cost the student 10% of the class project grade for each late class day. The projects are DUE on Monday, November 9, 2015. If a project is turned in late, the penalty will be 10% of the project grade for each calendar day that it is late.**

In-class Unannounced Quizzes:

Six times during the semester, an unannounced in-class quiz will be given at the *beginning, middle, or end* of the lecture period. Each quiz will ask a question or questions about material in the previous one or two lectures. Students should provide a 3 by 5 inches card to answer the quiz question or problem. Students may work with each other to answer the question or by themselves. Turning in the card with your name is worth 1 point, a reasonable attempt at a solution is worth 1.5 points, and a correct answer is worth 2 points. Turning in a card for a student who is not there will be considered cheating and the penalty will be an F in the course for the student who committed the act. At the end of the semester, the student's total in-class quiz scores for the highest five quizzes will be added to the student's point total used to determine the course letter grade. There will be no make-up opportunity for in-class quizzes, regardless of the reason for a student's absence unless the student has notified the professor previously that she will attend an authorized university event or observe a religious holiday. If the student arrives for class while the quiz is being collected or after it has been collected, the student has missed the quiz. If the student leaves class before a quiz is given, the student has missed the quiz. Any student who does not plan to regularly attend class on time or for the whole class to be able to earn up to 10 of these extra points should seriously consider whether she should be in this class. Most students who have not made a C or higher in the class in the past have not kept up with the work or attended class. Analyses of past classes have demonstrated that students who have earned most of the quiz points have also done much better on the exams.

Bloomberg Project: This is an additional opportunity to improve your grade by two points. The directions and information for the project may be found at

<https://webcourses.ucf.edu/eportfolios/21247/COURSES/FIN_4324_Bloomberg_Project>.

The following video provides an introduction to Bloomberg at UCF; however, it should not be necessary to complete the Bloomberg assignment: <http://www.youtube.com/watch?v=LE8HiHZcgEE>.

**Grades on assignments, i.e., exams, project, and quizzes, will be posted on Webcourses@UCF**.

UCF Grading Policy statement

**Grades are based only on the performance on exams, the project, and the unannounced quizzes. There is no opportunity for extra work. Family situations, health (unless previously authorized by the UCF Student Disabilities Office), job opportunities, and financial problems are not considered in grading.** If the situation is very extreme then a student should consider withdrawing from all classes and seek the advice of the Office of Student Support.

Starting with the Fall 2001 Semester, instructors may award plus and minus grades in undergraduate and graduate classes if they desire. While this option is not mandatory, many faculty have expressed a preference for the greater exactness plus and minus grades provide.

There is no official policy on the relation between the letter grade and the percentage grade (for instance, an A- being equal to a grade of 90-92). It is up to the instructor to determine the equivalency and to notify the students. The course percent scores and the corresponding grades and GPAs are given below.

Course % GRADE GPA

90.00-100 A 4.00

87.0-89.99 B+ 3.25

80.0- 86.99 B 3.00

77.0-79.99 C+ 2.25

70.0-76.99 C 2.00

67.00-69.99 D+ 1.25

60.00-66.99 D 1.00

Below 60.00 F 0.00

Did I make a good effort to succeed in FIN 4324? Many of the students in this class expect to graduate this semester or soon. Those expectations do not guarantee a C or higher in this class. You have an obligation to make a good effort to succeed in this class. Most students who follow the following guidelines will pass this course while those who do not follow the guidelines often do not succeed and do NOT GRADUATE on time. During the fall 2014 semester, 15% who received grades other than a W earned a grade below C and many of the students who missed one of the first two exams earned a grade below a C. Of the original enrollment, 22% had a W.

The class notes are often directly related to the text or other assigned

readings. Before each class you should print the notes for that class and review them so you have an idea of what you may not understand and what questions you should be asking in class during the lectures. Many important tips on the class and the exams are provided at the very beginning of class, so it is important to be seated in class and ready to go when the class begins. Prof. Smith stresses what he thinks is important during the lectures so it is necessary to make notes on what he stresses. After the exams you will be able to see that he stresses almost everything on the exam and covers everything that was on the exam.

Prof. Smith has designed the course so that if you do really well you will be competitive with other students around the country who have taken a commercial banking class. He believes that a finance student should understand the financial logic underlying most formulas; therefore, he does not provide formulas on exams. The highest math that will be used in the course is algebra. This approach bothers some students who have generally been provided formulas for exams. If all you learn is for someone to give you a formula and the numbers and put the numbers in the formula, what have you learned that has value? Why should I hire you versus someone who has never had a finance class? Why shouldn't I computerize what you are doing? I have never had one student who was in a job interview in finance tell me that the interviewer provided him with a formula sheet.

The world has changed and your need to be competitive is greater now than for your parents. You are not only competing with other Americans but with a rapidly growing number of educated people all over the world who can access their computers and other technologies as easily as you can. I have also received comments from current and past students from Europe, Asia, Africa, and South America who have commented that they are surprised how much work the U.S. students think this class has because they have had to work that hard in their normal non-UCF educational experiences.

Cheating Policy statement: Office of Student Rights and Responsibilities

University of Central Florida

YOUR ENROLLMENT STATUS MAY BE AT RISK!

Academic Dishonesty in any form will not be tolerated!!!

The University of Central Florida has recently started an account with

turnitin.com., an automated system which instructors can use to quickly and easily compare each student's report to billions of web sites, as well as an enormous database of student papers that grows with each submission. After submission of the paper, instructors receive a report that states if and how another author's work was used.

Violations of student academic behavior standards are outlined in The

Golden Rule, the University of Central Florida's Student Handbook. See

http://www.goldenrule.sdes.ucf.edu for further details.

1. Cheating whereby non-permissible written, visual or oral assistance

including that obtained from another student is utilized on examinations,

course assignments or projects. The unauthorized possession or use of

examination or course related material shall also constitute cheating.

2. Plagiarism whereby another's work is deliberately used or appropriated without any indication of the source. Thereby attempting to convey the impression that such work is the student's own. Any student failing to properly credit ideas or materials taken from another has plagiarized.

3. A student who has assisted another in any of the aforementioned breach of standards shall be considered equally culpable.

ACADEMIC ACTION

\* Taken by Instructor, Chair, or Dean of College\*

1. Counseling

2. Loss of credit for specific assignment, examination or project.

3. Removal from course with a grade of "F"

and/or

CONDUCT REVIEW ACTION

\*Taken by the Office of Student Conduct\*

1. Warning

2. Probation

3. Suspension

4. Expulsion

5. Permanent conduct record with UCF accessible by other institutions by

request.

For more information, please contact the Office of Student Conduct at 823-2851.

Disability Access

The University of Central Florida is committed to providing reasonable accommodations for all persons with disabilities. This syllabus is available in alternate formats upon request. Students who need accommodations must be registered with Student Disability Services, Student Resource Center Room 132, phone 407-823-2371, TTY/TDD only phone 407-823-2116, before requesting accommodations from the professor.