

Title of course	<b>Financial Instruments</b>
Responsible instructor	Prof Diego d'Andria, PhD
Learning objectives	<ul style="list-style-type: none"> <li>▪ Learn about the different financial needs that households and firms may encounter during their lifetime</li> <li>▪ Learn about a wide array of financial instruments and services, understanding their different characteristics and which needs they are meant to satisfy</li> <li>▪ Learn how to price each type of financial instrument and to apply the right mathematical methodologies</li> <li>▪ Learn about recent innovations and new developments in financial markets, both driven by technological (e.g., cryptocurrencies) and social (e.g., sustainable finance) change</li> <li>▪ Learn about financial riskiness and about financial contracts that are meant to provide hedging against risk, namely insurance and derivative contracts</li> <li>▪ Be informed of the many ways in which the Law regulates and limits access and operations in financial markets in order to improve stability and transparency and to protect consumers</li> </ul>
Course contents	<ol style="list-style-type: none"> <li>1. A basic taxonomy: money, financial assets and financial services</li> <li>2. Households' financial decisions</li> <li>3. Businesses' financial decisions</li> <li>4. Financial intermediaries, banks and financial markets</li> <li>5. Financial arithmetic <ol style="list-style-type: none"> <li>a. Financial discounting</li> <li>b. Internal rate of return and net present value</li> <li>c. the Capital Asset Pricing Model</li> <li>d. Estimating financial risk</li> <li>e. Actuarial Mathematics</li> </ol> </li> <li>6. Payment instruments</li> <li>7. Loan and Leasing</li> <li>8. Corporate finance <ol style="list-style-type: none"> <li>a. Debt vs Equity financing</li> <li>b. Stock exchange market instruments</li> <li>c. Short-term corporate finance</li> <li>d. Start-ups, venture capital and crowdfunding</li> </ol> </li> <li>9. Insurance contracts</li> <li>10. Derivative contracts <ol style="list-style-type: none"> <li>a. Futures, options and swaps</li> <li>b. Evaluating derivative contracts</li> </ol> </li> <li>11. Blockchain technologies and applications <ol style="list-style-type: none"> <li>a. Cryptocurrencies</li> <li>b. Non-Fungible Tokens (NFT)</li> </ol> </li> <li>12. Further developments <ol style="list-style-type: none"> <li>a. Micro-credit</li> <li>b. Ethical/sustainable finance</li> <li>c. Crowdlending via online platforms</li> </ol> </li> <li>13. The regulation of the financial sector <ol style="list-style-type: none"> <li>a. Rules to curb tax avoidance and money laundering</li> <li>b. Public offerings and control shares</li> <li>c. Market access and capital requirements</li> <li>d. Consumer protection in financial services</li> </ol> </li> </ol>
Teaching methods	<ul style="list-style-type: none"> <li>▪ Lectures</li> </ul>

	<ul style="list-style-type: none"> <li>▪ In-class exercises</li> <li>▪ Discussion</li> <li>▪ Self-study</li> </ul>
Prerequisites	There are no formal requirements.
Suggested reading	<ul style="list-style-type: none"> <li>▪ Brealey R.A., Myers S.C., Allen F. (2008), <i>Principles of Corporate Finance</i>, McGraw-Hill.</li> <li>▪ Handouts and further references will be given during the classes.</li> </ul>
Applicability	<p>This course is in particular applicable to the following Master programmes: International Business and Economics (M.A.; "IBE"), Finance (M.Sc.).</p> <p>This course is also applicable to other business-oriented Master programmes offered by Schmalkalden University of Applied Sciences.</p>
Workload	<p>Total workload: 180 hours, of them:</p> <ul style="list-style-type: none"> <li>▪ Lecture: 45</li> <li>▪ Self-study: 135, of them: <ul style="list-style-type: none"> <li>▪ Course preparation (in particular reading): 45</li> <li>▪ Follow-up: 45</li> <li>▪ Readings and exam preparation (including mid-term): 45</li> </ul> </li> </ul>
ECTS credit points and weighting factor	6 ECTS credit points; weighting factor: 6/120 (IBE) or 6/90 (Finance), respectively
Basis of student evaluation	<ul style="list-style-type: none"> <li>▪ Comprehensive written examination, 90 minutes (80%)</li> <li>▪ Mid-term exam, 60 minutes (20%)</li> </ul>
Time	First academic year
Frequency	Each academic year
Duration	One semester
Course type	Elective course
Remarks	Teaching language is English.