

## Survey of Financial System

### I. Subject Overview and Objective

Banking and financial operations take place in the financial system which is the money transactions system. Foundation components of the financial system include money, central bank, financial institutions, financial markets, payments systems and financial safety net. The financial system facilitates economic activities by providing services of money. Therefore, the interaction between real (goods, services, factors) flows and financial flows is a major factor deciding the level of overall macroeconomic performance of a country. Accordingly, students in banking and finance must first understand the operational mechanism of the financial system to enable them to choose any specialization in their professional careers. Therefore, this subject is designed to provide knowledge on broad operational structure of the financial system in the economy to banking and financial professionals to enable them to understand and choose their specialized field for better performance and career development.

### II. Recommended Subject Coverage

- (a) The role of the financial system in the economy
- (b) Money: Evolution, functions, printing, supply of money and demand for money
- (c) Payments Instruments and Settlements Systems: Currency, cheques, payments cards, SLIPS, Cheque Clearing and Truncation, RTGS, international fund/remittance transfer systems (SWIFT, MoneyGram, Western Unions ,etc.) electronic/mobile payments
- (d) Financial Markets and Securities/Products: Deposits, stocks, bonds repos and reverse repos, foreign exchange, structured finance, financial derivatives, units, venture capital
- (e) Financial Institutions: Central Bank, financial intermediaries (commercial banks, finance companies, leasing companies, insurance companies, factoring companies, co-operatives), financial service providers (investment banks, fund management companies, payments service providers, money changers, dealers, brokers, exchanges, securities depositories)
- (f) Financial System Stability: Financial crises (banking, markets and debt crises), analysis of Asian financial crisis and recent global financial crisis (nature, reasons, impact and resolution), systemically important financial institutions (too-big-to-fail), shadow banking and risks, financial stability frameworks.
- (g) Financial Safety Net Mechanism: Financial sector regulators (capital market, banks, non-bank financial institutions and insurance) towards financial stability, their major roles and major instruments.