Course Syllabus

Code - Course Title	**İKT322U - Financial Economics**
Course Type	VI. SEMESTER
Laboratory + Practice	0+0
ECTS	**5.0**
Language of Instruction	İngilizce
Course Type	Required Courses
Course Instructor(s)	Prof. Dr. Bilge Kağan ÖZDEMİR

Mode of Delivery	Distance Education
Prerequisites	There is no prerequisite or co-requisite for this course.
Courses Recomended	Monetary Theory and Policy There are no other recommended courses.
Recommended Resources	Textbook of the course
Work Placement	Not Applicable

Course Syllabus

Weeks	Learning Outcomes	Topics	Teaching Methods
Week - 1		Week 1 – Introduction to the Financial System - Definition and economic functions of the financial system - Financial system and the real economy - Savers, borrowers, and flow of funds - Financial intermediation - Major types of financial markets - Money and capital markets - Primary and secondary markets - Overview of financial instruments - Basic features of the Turkish financial system Textbook: Chapter 1 – An Introduction to Financial System	
Week - 2		Week 2 – Financial Stability and Financial Crises - Concept and major dynamics of financial crises - Risk perception and risk aversion - Role of interest rate and exchange rate movements - Financial crises and economic activity - Concept of financial stability - Micro-financial stability - Macrofinancial stability - Systemic risk Textbook: Chapter 2 – Financial Stability, Regulation, and Supervision	
Week - 3		Week 3 – Financial Regulation, Supervision and Macroprudential Policies - Rationale for financial regulation and supervision - Microprudential policies - Macroprudential policies - Financial architecture - Role of the banking system in financial stability - Monetary policy and financial stability - Role of central banks in financial stability - Financial stability in Türkiye Textbook: Chapter 2 – Financial Stability, Regulation, and Supervision	
Week - 4		Week 4 – Risk and Return in Financial Economics - Concept of financial return - Simple returns - Single- and multi-period returns - Logarithmic returns - Risk-free rate and equity premium - Expected return - Distribution of financial returns - Mean, variance, and standard deviation - Skewness and kurtosis Textbook: Chapter 3 – Risk and Return in Financial Economics	

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Week - 5		Week 5 – Portfolio Theory and Risk Management - Portfolio return and portfolio risk - Risk-return trade-off - Covariance and correlation - Two-asset portfolios - Multi-asset portfolios - Portfolio diversification - Risk reduction through diversification - Optimal portfolio approach - Markowitz efficient frontier Textbook: Chapter 3 – Risk and Return in Financial Economics	
Week - 6		Week 6 – Interest Rates and the Time Value of Money - Timing of cash flows - Simple and compound interest - Future value - Present value and discounting - Annuities - Perpetuities - Nominal and real interest rates - Inflation and interest rates - Calculation of real interest rates Textbook: Chapter 4 – Interest Rate Calculations	
Week - 7		Week 7 – Midterm Exam Preparation - Comprehensive review of Weeks 1–6 - Financial system and financial markets - Financial stability and financial crises - Micro- and macroprudential policies - Risk and return calculations - Portfolio diversification - Interest rates and the time value of money - Problem solving and sample questions MIDTERM EXAM	
Week - 8		Week 8 – Investment Evaluation - Investment decisions and cash flows - Net Present Value (NPV) - Net Present Value Ratio (NPVR) - Profitability Index (PI) - Internal Rate of Return (IRR) - Comparison of NPV and IRR - Modified Internal Rate of Return (MIRR) - Payback Period - Discounted Payback Period Textbook: Chapter 5 – Investment Evaluation	
Week - 9		Week 9 – Derivative Markets: Forwards and Futures - Basic features of derivative markets - Spot and derivative markets - Exchange-traded and over-the-counter markets - Forward contracts - Counterparty risk - Futures contracts - Margin mechanism - Hedging - Futures markets in Türkiye Textbook: Chapter 6 – Introduction to Derivative Markets	
Week - 10		Week 10 – Options, Swaps and Financial Hedging - Basic features of option contracts - Call and put options - Basic option positions - Hedging with options - Swap contracts - Types of swaps - Management of interest rate and exchange rate risks - Corporate financial hedging Textbook: Chapter 6 – Introduction to Derivative Markets	
Week - 11		Week 11 – Financial Statements and Stock Valuation - Basic financial statements - Balance sheet - Income statement - Cash flow statement - Tools of financial analysis - Basic features of stocks - Principles of stock valuation - Dividend Discount Model (DDM) - Relative valuation - Market efficiency Textbook: Chapter 7 – Financial Statements and Stock Valuation	
Week - 12		Week 12 – Bond Valuation and Yield - Basic features of bonds - Bond pricing - Coupon and zero-coupon bonds - Yield to Maturity (YTM) - Real Yield to Maturity - Bond price-interest rate relationship - Effects of maturity and coupon rates on bond prices - Interest rate risk - Duration - Convexity Textbook: Chapter 8 – Bond Valuation and Term Structure of Interest Rates	

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Week - 13		Week 13 – Term Structure of Interest Rates and the Yield Curve - Term structure of interest rates - Spot rates - Forward rates - Yield curve - Different shapes of the yield curve - Expectations hypothesis - Inflation expectations and interest rates - Inflation-indexed bonds - Monetary policy and the yield curve - Term structure of interest rates in Türkiye Textbook: Chapter 8 – Bond Valuation and Term Structure of Interest Rates	
Week - 14		Week 14 – Final Exam Preparation and Comprehensive Review - Integration of the core concepts of the course - Financial system and financial stability - Risk, return, and portfolio relationship - Interest rates, present value, and investment decisions - Derivatives and risk management - Financial statements and stock valuation - Interest rates, bond prices, and the yield curve - Quantitative problem solving - Conceptual and applied sample questions FINAL EXAM	

Learning Outcomes

#	Learning Outcome
1	Explain and classify the fundamental functions of the financial system, financial markets, financial instruments, and financial institutions.
2	Analyze the relationships among financial stability, financial crises, systemic risk, and microprudential and macroprudential policies.
3	Calculate the returns and risks of financial assets and evaluate the risk-return relationship.
4	Analyze the impact of portfolio diversification on risk and compare alternative portfolios within the framework of basic portfolio theory.
5	Apply the concepts of time value of money, nominal and real interest rates, and present and future value to financial problems.
6	Evaluate investment alternatives using Net Present Value (NPV), Internal Rate of Return (IRR), and other investment appraisal methods.
7	Compare the fundamental characteristics of forwards, futures, options, and swaps and analyze their use in financial risk management.
8	Interpret financial statements, apply stock and bond valuation methods, and analyze the term structure of interest rates and the yield curve.

Sustainable Development Goals

No content has been provided.

Course Theme

No content has been provided.

AKTS Workload

Activity	Duration (Hour)	Count	Workload
Teorik Derse Katılım	0	0	0

AKTS Workload

Activity	Duration (Hour)	Count	Workload
Sınıf Dışı Çalışma (Ön Hazırlık & Pekiştirme Amaçlı)	0	0	0
Ödevler	0	0	0
Proje - Rapor - Sunum Hazırlama	0	0	0
Ara Sınav Hazırlığı (sınav süresi dahil)	0	0	0
Final Sınavı Hazırlığı (sınav süresi dahil)	0	0	0
Uygulama (Laboratuvar, Müzik/Enstrüman Uygulaması, Atölye/Saha Çalışması vb.)	0	0	0
Staj Uygulaması	0	0	0
		Calculated ECTS	**0**

Assessment Method and Passing Requirements

No content has been provided.

Assessment Method and Passing Requirements	Quamtity	Percentage (%)
1.Midterm Exam	1	30
Final Exam	1	70
	Sum (%)	**100**