**MAKERERE UNIVERSITY**

**MAKERERE UNIVERSITY BUSINESS SCHOOL**

**FACULTY OF COMMERCE, DEPARTMENT OF FINANCE**

**ACADEMIC YEAR 2025/26, SEMESTER ONE**

**COURSE OUTLINE**

**COURSE NAME: DEVELOPMENTS IN FINANCE**

**LEVEL: 1**

**COURSE CODE: FIN 1102 CREDIT UNIT: 4**

**CONTACT HOUR: 60**

##### FACILITATORS: Mr. MWESIGWA ABDULKARIM

##### 0751692309

##### [amwesigwa@mubs.ac.ug](mailto:amwesigwa@mubs.ac.ug)

##### Ms. PATIENCE NINSIIMA

##### 0701940022

##### [pninsiima@mubs.ac.ug](mailto:pninsiima@mubs.ac.ug)

##### Course Description

This course introduces students to the discipline of finance in its evolution, development and the changing paradigms over the centuries. The course is concerned with understanding the development of the finance discipline, the theories & models that define the globalization of capital, the finance structures the different development trends globally and the financial liberalization, in addition to assessing the implications of the formal financial systems.

##### Course objectives

* 1. To appreciate the importance of the theories and models in the finance discipline
  2. To comprehend the evolution of the global capital markets
  3. To grasp specific form that formal financial structures took under post-WWII growth in countries.
  4. To understand the evolution of stock markets and financing of investment

##### Learning Outcomes / Competencies:

After completing this course, the student should be able to:

* 1. Understand the finance discipline and the theories, models that define this discipline.
  2. Understand the disparate process of evolution of financial systems globally and the role they played in economic development.
  3. Examine the specific form that formal financial structures took under post-WWII growth in countries.
  4. Assess the factors that led to the adoption of policies of financial liberalization that transformed financial structures in these countries.

**Mode of delivery**

* Lecture Method
  + Group and class discussions
  + ODel Model
* Class presentations
* Case studies
* Tutorials

##### Mode of assessment

* Course work 30%
* Final examination 70%
* Total **100%**

##### DETAILED COURSE CONTENT

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Topic** | | | | **Description** | | | **Duration** | **Lecturer** |
| **1** | **Overview Discipline** | | **of** | **Finance** | * The history of financial thought/ Evolution; * Traditional (1920-1990) * Transitional * Modern   Scope of finance discipline;   * Corporate finance * Public finance * Development finance (Personal, Micro, Islamic) * Behavioral finance | | | **5** | Ms. Patience Ninsiima |
| **2** | **Theories in Finance**   * Definitions * Assumption * Concepts * Limitations * Practical Applications | | | | * Arbitrage Pricing Theory * Rational choice theory * Efficient market hypothesis * Modern portfolio theory * Prospect theory |  |  | **6** | Ms. Patience Ninsiima |
| **3** | | **Models in finance**   * Understanding models * Importance of models * Building financial models | | | * Tobin Separation Theorem, * Monte Carlo Option Model, * Binomial Options Pricing Model, * Gordon Model, * Capital Asset Pricing Model and * Black Scholes Model * Altman’s Z-score Model | | | **6** | Ms. Patience Ninsiima |
| **4** | | **Globalizing capital** | | | * Gold standard regimes and the first globalization * Bretton Wood 1946; * Supranational financial institution; World bank, regional banking, * Bretton Wood 1946 – To date. The global integration of financial markets. * Monetary Systems; * Regional Currency Integration * Global Equity Markets and Bond markets | | | **8** | Ms. Patience Ninsiima |
| **5** | | **Financial Structures & roles** | | | * Market Based Financial Systems and regulators * Bank Based Financial Systems and regulators * Emergency and Growth of each financial system * Importance of the systems; Resource mobilization, Allocation of savings e.t.c | | | **7** | Mr. Mwesigwa Abdulkarim |
| **6** | | **Introduction to Financial Regulation** | | | * Rational for regulation. * Prudential Regulation (Basel) * Institutions for Prudential Regulation (BIS); National Institutions, Global institutions e.g bank for international settlement. * Integrating Regulation * Compliance Issues * Deregulation * Uganda’s perspective | | | **7** | Mr. Mwesigwa Abdulkarim |
| **7** | | **Financial liberalization & its consequences** | | | * Financial Liberalization * Bank liberalization * Financial Markets liberalization * Mutual Funds liberalization * Insurance liberalization * Capital Accounts liberalization | | | **8** | Mr. Mwesigwa Abdulkarim |
| **8** | | **Emerging Issues** | | | * China as a financial center * BRICS * Transition Economy * East Africa monetary systems | | | **4** | Mr. Mwesigwa Abdulkarim |

##### Reading Lists

* 1. Bradley and Meyers (2010), Corporate Finance
  2. [Jomo Kwame Sundaram](https://www.google.com/search?client=firefox-b-ab&sa=X&q=Jomo%2BKwame%2BSundaram&stick=H4sIAAAAAAAAAOPgE-LRT9c3NErKS0szyMlS4tLP1TcwLTc1M87RUs4ot9JPzs_JSU0uyczP0y8vyiwpSc2LL88vyi62Sk3JLMkvAgD7aT0wQQAAAA&sqi=2&ved=0ahUKEwjS7OTU4b_SAhUMD8AKHVqTAHcQmxMInQEoATAP) (2010) Reforming the International Financial System for Development Book [Google Books](http://books.google.com/books/about/Reforming_the_International_Financial_Sy.html?id=shXx4uNxtq0C)
  3. [Klaus Liebscher](https://www.google.com/search?client=firefox-b-ab&sa=X&biw=1440&bih=789&q=Klaus%2BLiebscher&stick=H4sIAAAAAAAAAOPgE-LRT9c3NEoqSSk3MsxR4gbzDM1ykuJTtJQzyq30k_NzclKTSzLz8_TLizJLSlLz4svzi7KLrVJTMkvyiwBZdjVIQgAAAA&ved=0ahUKEwi-jPqN4r_SAhXHK8AKHXkmAsYQmxMIrQEoATAP), [Josef Christl](https://www.google.com/search?client=firefox-b-ab&sa=X&biw=1440&bih=789&q=financial%2Bdevelopment%2C%2Bintegration%2Band%2Bstability%3A%2Bevidence%2Bfrom%2Bcentral%2C%2Beastern%2Band%2Bsouth-eastern%2Beurope%2Bjosef%2Bchristl&stick=H4sIAAAAAAAAAOPgE-LRT9c3NEoqSSk3MsxRAvMykstSiiuLLbWUM8qt9JPzc3JSk0sy8_P0y4syS0pS8-LL84uyi61SUzJL8osA3CJCvkMAAAA&ved=0ahUKEwi-jPqN4r_SAhXHK8AKHXkmAsYQmxMIrgEoAjAP) (2006) Financial Development, Integration and Stability: Evidence from Central, [Google Books](http://books.google.com/books/about/Financial_Development_Integration_and_St.html?id=GQa1Bh97HBkC) [Originally published](https://www.google.com/search?client=firefox-b-ab&sa=X&biw=1440&bih=789&q=financial%2Bdevelopment%2C%2Bintegration%2Band%2Bstability%3A%2Bevidence%2Bfrom%2Bcentral%2C%2Beastern%2Band%2Bsouth-eastern%2Beurope%2Boriginally%2Bpublished&stick=H4sIAAAAAAAAAOPgE-LRT9c3NEoqSSk3MszRks9OttJPys_P1i8vyiwpSc2LL88vyrYqKE3KySzOSE0BAFT7NBoxAAAA&ved=0ahUKEwi-jPqN4r_SAhXHK8AKHXkmAsYQ6BMIqQEoADAO): 2006
  4. P. K. Rao, 2003 Development Finance [Google Books](http://books.google.com/books/about/Development_Finance.html?id=xpUGkgAACAAJ)
  5. Allen, F. and R. Herring (2001). ―Banking Regulation versus Securities Market Regulation,‖ Wharton Financial Institutions Center Working Paper 01- 29.
  6. Angadi, V.B. (2003), Financial Infrastructure and Economic Development: Theory, Experience and Evidence, Reserve Bank of India Occasional Papers, Vol. 24 Nos. 1 & 2.
  7. Arestis, Philip (2005), ―Washington Consensus and Financial Liberalization‖, Journal of Post-Keynesian Economics, Winter 2004-05, Vol. 27 No. 2.
  8. Bank of International Settlements, Basel Committee on Banking Supervision (2001), Risk Management Practices and Regulatory Capital: Cross Sectoral Comparison, BIS: Basle.
  9. Bank of International Settlements, Basel Committee on Banking Supervision (2003), Operational Risk Transfer Across Financial Sectors, BIS: Basle.
  10. Krugman, P. (1998), ―Bubble, Boom, Crash: Theoretical Notes on Asia's Crisis,‖ working paper, MIT, Cambridge, Massachussetts.
  11. McKinnon, R. and Pill, H. (1997), ―Credible Economic Liberalizations and Overborrowing,‖ *American Economic Review* 87, 189-203.
  12. Rajan, Raghuram G. and Luigi Zingales (2001), ―Financial Systems, Industrial Structure and Growth‖, Oxfor Review of Economic Policy, Vol. 17 No. 4

**Prepared by:** ……………………………… **Date:** ………………………………….

Martin Bakunda Internal Examiner.

**Approved by:** ………………………………… **Date:** …………………………………..

Dr. Juma Teko Head of Department.