



ÇANKAYA UNIVERSITY

Faculty of Economics and Administrative Sciences

Course Definition Form

Part I. Basic Course Information

Department Name	BANKING AND FINANCE	Dept. Numeric Code	3 5
Course Code	B A F 3 1 0	Number of Weekly Lecture Hours	3
		Number of Weekly Lab/Tutorial Hours	0
		Number of Credit Hours	3
Course Web Site	http:// bf.cankaya.edu.tr	ECTS Credit	0 6

Course Name and Other Course Information

This information will appear in the printed catalogs and on the web online catalog.

English Name	Financial Econometrics II
Turkish Name	Finansal Ekonometri II
Mode of Delivery	Face to face
Language of Instruction	English

Course Description

Provide a brief overview of what is covered during the semester. This information will appear in the printed catalogs and on the web online catalog. Maximum 60 words.

This course aims to introduce econometric techniques and models relevant to finance. The course's focus is on application of econometric techniques to key models in finance in order to enhance understanding and the use of such models. Throughout the delivery, learning of the theory is reinforced by students learning to use specialist software and application to financial data.

Prerequisites (if any) <i>Give course codes and check all that are applicable.</i>	1 st	2 nd	3 rd	4 th
	<input type="checkbox"/> Consent of the Instructor	<input type="checkbox"/> Senior Standing	<input type="checkbox"/> Give others, if any.	
Co-requisites (if any)	1 st	2 nd	3 rd	4 th
Course Type <i>Check all that are applicable</i>	<input checked="" type="checkbox"/> Must course for dept. <input type="checkbox"/> Must course for other dept.(s) <input type="checkbox"/> Elective course for dept. <input checked="" type="checkbox"/> Elective course for other dept.(s)			

Part II. Detailed Course Information

Course Objectives

Maximum 100 words.

The goal is to enable students to comprehend how statistical and econometric methods can be applied to financial data to solve problems arising in financial markets. Practical examples will be discussed in lectures to deepen the understanding of analyzing financial data using the statistical and econometric tools taught in this unit.

Learning Outcomes

Explain the learning outcomes of the course. Maximum 10 items.

1. identify the issues involved when modelling the dynamics of financial markets
2. estimate volatility models using econometrics software
3. critically evaluate the financial econometrics literature
4. explain the financial market applications of the non linear models
5. undertake a research project that applies the techniques and analysis to a financial market of interest.

Textbook(s) <i>List the textbook(s), if any, and other related main course material.</i>				
Author(s)	Title	Publisher	Publication Year	ISBN
Frank Fabozzi, Sergio Focardi, Svetlozar Rachev and Bala Arshanapalli	The Basics of Financial Econometrics	Wiley	2014	978-1-118-57320-4

Reference Books <i>List, if any, other reference books to be used as supplementary material.</i>				
Author(s)	Title	Publisher	Publication Year	ISBN

Teaching Policy <i>Explain how you will organize the course (lectures, laboratories, tutorials, studio work, seminars, etc.)</i>
In conducting the course, lectures will be accompanied with examples and case studies.

Laboratory/Studio Work <i>Give the number of laboratory/studio hours required per week, if any, to do supervised laboratory/studio work and list the names of the laboratories/studios in which these sessions will be conducted.</i>

Computer Usage <i>Briefly describe the computer usage and the hardware/software requirements for the course.</i>
Statistical programs such as Stata, Eviews will be used.

Course Outline <i>List the weekly topics to be covered.</i>	
Week	Topic(s)
1	Introduction to Financial Data and Analysis
2	Correlation and Simple Regression. Least Squares Methods and Diagnostics Testing. Hypothesis Testing. Issues Relating to Autocorrelation
3	Correlation and Simple Regression. Least Squares Methods and Diagnostics Testing. Hypothesis Testing. Issues Relating to Autocorrelation
4	Multiple Regression. Specification and Testing of Regression Models. Functional Forms and Transformations. Dummy Variables. Issues Relating to Multi-collinearity.
5	Multiple Regression. Specification and Testing of Regression Models. Functional Forms and Transformations. Dummy Variables. Issues Relating to Multi-collinearity.
6	Modelling Using Multiple Regression. Autocorrelation and Detection. Dynamic Models and Lagged Variables. Endogeneity and Solutions. Applications and Examples.
7	Midterm Week
8	Analysis of Limited Dependent Variables. Probability. Linear probability Logistic Regression. Models, Tests and Interpretation. Applications in Finance: Credit Risk and Probability of Default. Other Limited Dependent Variables.
9	Analysis of Limited Dependent Variables. Probability. Linear probability Logistic Regression. Models, Tests and Interpretation. Applications in Finance: Credit Risk and Probability of Default. Other Limited Dependent Variables.

10	Analyzing Financial Time- Series. Univariate Models. Autocorrelation and ARIMA processes.
11	Multivariate Regression with Time-Series Variables. Spurious Regression and Cointegration
12	Multivariate Regression with Time-Series Variables. Spurious Regression and Cointegration
13	Panel Data Analysis
14	Panel Data Analysis

Grading Policy

List the assessment tools and their percentages that may give an idea about their relative importance to the end-of-semester grade.

Assessment Tool	Quantity	Percentage	Assessment Tool	Quantity	Percentage	Assessment Tool	Quantity	Percentage
Homework			Case Study			Attendance		
Quiz(es)			Lab Work			Field Study		
Midterm Exam	1	40	Classroom Participation	42	10	Project		
Term Paper			Oral Presentation			Final Exam	1	50

ECTS Workload

List all the activities considered under the ECTS.

Activity	Quantity	Duration (hours)	Total Workload (hours)
Attending Lectures (<i>weekly basis</i>)	14	3	42
Attending Labs/Recitations (<i>weekly basis</i>)			
Compilation and finalization of course/lecture notes (<i>weekly basis</i>)	14	3	42
Collection and selection of relevant material (<i>once</i>)	1	5	5
Self study of relevant material (<i>weekly basis</i>)	14	2	28
Take-home assignments			
Preparation for quizzes			
Preparation for mid-term exams (<i>including the duration of the exams</i>)	1	15	15
Preparation of term paper/case-study report (<i>including oral presentation</i>)			
Preparation of term project/field study report (<i>including oral presentation</i>)			
Preparation for final exam (<i>including the duration of the exam</i>)	1	15	15
TOTAL WORKLOAD / 25			147/25=5,8
ECTS Credit			6

Program Qualifications vs. Learning Outcomes Consider the program qualifications given below as determined in terms of learning outcomes and acquisition of capabilities for all the courses in the curriculum. Look at the learning outcomes of this course given above. Relate these two using the Likert Scale by marking with X in one of the five choices at the right.

No	Program Qualifications	Contribution				
		0	1	2	3	4
BAF-1	Be able to monitor and analyze the dynamics of banking and financial markets.					x
BAF-2	Be able to utilize the basic knowledge that obtained with an interdisciplinary approach to business, economics, etc. in creating expertise in the fields of Banking and Finance in accordance with the requirements of the globalized business environment.				x	
BAF-3	Be able to identify and analyze the validity of theories related to the banking and finance and their relationships regarding current conditions.				x	
BAF-4	Have a good knowledge of the regulations and legislation underpinning the financial markets and institutions.			x		
BAF-5	Have the ability to efficiently perform all responsibilities of managerial finance within a corporation.				x	
BAF-6	Be able to use quantitative techniques and methods that are predominantly used in banking and finance.					x

BAF-7	Be able to use the theoretical and practical knowledge obtained in his/her field in analyzing and evaluating data.						x
BAF-8	Be able to construct, analyze and interpret financial and economic models						x
BAF-9	Be able to understand and evaluate the problems in banking and finance and to discuss and express his/her opinions clearly.					x	
BAF-10	Gain self-evaluation skills to identify exactly his/her self-learning and self-improvement needs, being at the same time equipped with the capacity to follow advanced courses and degree studies.					x	
BAF-11	To maintain scientific, social, and ethical standards when collecting, interpreting, and disseminating financial information, and in application of financial ideas.			x			

Scale for contribution to a qualification: **0**-none, **1**-little, **2**-moderate, **3**-considerable, **4**-highest