

## Open University of Mauritius

### BSc (Hons) Economics, Finance and Banking [OUbs018]

#### 1. Aim and rationale

This is a specifically designed 4-year programme intended for students who have a keen interest in the operation of financial markets as well as the organisation of the banking industry. This course in Economics, Finance and Banking is designed to provide you with powerful analytical tools and methods to understand the complexities of modern financial markets. These skills are in high demand and will prepare you to enter the finance and banking sectors. It provides an excellent preparation for working in the areas of commercial and investment banking, economics, consultancy, research and risk management on both the public and private sectors. The novelty of this unique degree programme is that not only does it provide learners with key knowledge and skills in economics, banking and finance but it also incorporates relevant and state of the art materials.

#### 2. General Entry Requirements

- I. **EITHER** “Credit” in at least three subjects at School Certificate or General Certificate of Education O-Level or equivalent and “Pass” in at least two subjects at Higher School Certificate or General Certificate of Education Advanced Level or equivalent; including A level Mathematics.
- II. **OR** An appropriate equivalent Diploma/Certificate/Foundation Courses acceptable to the Open University of Mauritius.
- III. Learners who do not qualify under options I and II may register for Foundation Courses offered by The Open University of Mauritius. Those who complete the Foundation Courses successfully will be eligible for registration for the relevant degree programmes.
- IV. **OR** Qualifications awarded by other universities and institutions, which are acceptable to the Open University of Mauritius as satisfying the minimum requirements for admission.
- V. Mature candidates having a strong background of work experience and uncertified learning may be assessed for entry to programmes through the Accreditation of Prior learning (APL) and the Accreditation of Prior Experiential Learning (APEL). Please consult the General Rules and Regulations of the Open University of Mauritius for further details.

#### 3. Programme Requirements

As per general entry requirements.

#### 4. Minimum Requirements for Awards

##### (i) Degree Award

For the award of the degree, all modules of the programme must be completed. Every module carries 4 credits except the dissertation which carries 6 credits.

**(ii) Diploma Award**

The diploma is awarded as a possible exit point in the programme. A learner may opt for a Diploma provided s/he satisfies the minimum requirements, as specified below and who has obtained a minimum of 60 credits.

**5. Programme Duration**

	<b>Normal</b>	<b>Maximum</b>
Diploma:	2 years	3 years
Degree:	4 years	6 years

**6. Credits per Year:** Maximum 32 credits and minimum 18 credits.

**7. Credits Required for Degree Award:** 104

**8. Assessment**

Each module will be assessed over 100 marks (i.e. expressed as %) with details as follows (unless otherwise specified) :

Assessment will be based on a written examination of 2 or 3 hours duration which would account for 70% of the final module grade and continuous assessment would account for 30% of the final module grade. The continuous assessment would include a compulsory class test. For a learner to pass a module, an overall total of 40% for combined continuous assessment and written examination components would be required without minimum thresholds within the individual continuous assessment and written examination.

Written examinations for all modules, whether taught in semester 1 or in semester 2 or both, will be organised at the end of the semester (unless otherwise stated).

**9. Grading**

<b>Marks (x) %</b>	<b>Description</b>	<b>Grade</b>	<b>Grade Point</b>
$x \geq 70$	Excellent	A	5
$60 \leq x < 70$	Very Good	B	4
$50 \leq x < 60$	Good	C	3
$45 \leq x < 50$	Satisfactory	D	2
$40 \leq x < 45$	Pass	E	1
$x < 40$	Ungraded	U	0

**10. Award**

BSc (Hons) Economics, Finance and Banking with 1 <sup>st</sup> Class with Honours	CPA $\geq$ 70
2 <sup>nd</sup> Class 1 <sup>st</sup> Division with Honours	60 $\leq$ CPA < 70
2 <sup>nd</sup> Class 2 <sup>nd</sup> Division with Honours	50 $\leq$ CPA < 60
3 <sup>rd</sup> Class	45 $\leq$ CPA < 50
Pass	40 $\leq$ CPA < 45
No Award	CPA < 40

If CPA < 40, the learner will have to repeat the entire academic year, and retake the modules as and when offered. However, s/he will not be required, if s/he wishes, to retake module(s) for which Grade C or above has been obtained. Learners are allowed to repeat twice once over the entire duration of the Programme of Studies. No award is made if CPA < 40.

**11. Programme Plan****YEAR 1**

<b>Code</b>	<b>Module Name</b>	<b>Credits</b>
<b>Semester 1</b>		
OUBs018111	Fundamentals of Economics	4
OUBs018112/ ACCFINA100	Elements of Accounting & Finance	4
OUBs018113	Introduction to Banking	4
<b>Semester 2</b>		
OUBs018121/ ECOSTAT100	Economic Statistics	4
OUBs018122	Law relating to Banking	4
OUBs018123	IT Applications for Financial Sector	4

**YEAR 2**

<b>Code</b>	<b>Module Name</b>	<b>Credits</b>
<b>Semester 1</b>		
OUBs018211	Introduction to Financial Economics	4
OUBs018212	Macroeconomic Environment	4
OUBs018213	Monetary Economics	4
<b>Semester 2</b>		
OUBs018221/ ECOMET100	Basic Econometrics	4
OUBs018222	Banking Practice & Governance	4
OUBs018223	Economics for Business	4

**YEAR 3**

<b>Code</b>	<b>Module Name</b>	<b>Credits</b>
	<b>Semester 1</b>	
OUbs018311	Global Business	4
OUbs018312/ INVAN100	Investment Analysis	4
OUbs018313	Contemporary Issues in Finance	4
	<b>Semester 2</b>	
OUbs018321	Data Analysis in Practice	4
OUbs018322	Corporate Financial Strategy	4
OUbs018323	Banking and Financial Sector Compliance	

**YEAR 4**

<b>Code</b>	<b>Module Name</b>	<b>Credits</b>
	<b>Semester 1</b>	
OUbs018411/ MRUTAX100	Mauritian Taxation	4
OUbs018412/ INVSIS100	Investment Analysis II	4
OUbs018413/ INTENV100	International Financial Environment	4
	<b>Semester 2</b>	
OUbs018421	Economic & Financial Development Policy	4
OUbs018422	Monetary Policy Framework & Operations	4
OUbs018423/ FINDER100	Financial Derivatives	4

**Dissertation or Mini Project: 8 credits**

**Total no. of modules: 24**

**Total no of credits: 104**

## **Syllabus Outline**

### **OUbs018111 - Fundamentals of Economics**

This is a basic module in microeconomics and macroeconomics with emphasis on demand and supply; market structures; national income; exchange rate systems and international trade.

Topic 1: Demand & Supply and the Price Mechanism

Topic 2: Elasticity Concepts

Topic 3: Market Structures: Perfect Competition & Monopoly

Topic 4: Market Structures: Monopolistic & Oligopoly  
Topic 5: National Income Accounting  
Topic 6: National Income Accounting (cont'd)  
Topic 7: Exchange Rates & Systems  
Topic 8: International Trade  
Topic 9: Balance of Payments

### **OUBs018112/ACCFINA100 - Elements of Accounting & Finance**

This is an introductory module in accounting and finance. It focuses on the users of financial statements; preparation and analysis of final accounts; risk return concepts; time value of money and basic capital budgeting decisions.

Topic 1: Accounting as an Information System; Users of Accounting Information and Accounting Concepts  
Topic 2: Double entry and Trial Balance; adjusting entries  
Topic 3: Depreciation and other provisions  
Topic 4: Preparing Final Accounts  
Topic 5: Financial Statement Analysis  
Topic 6: Sources of Finance; Introduction to Risk and Return  
Topic 7: Time value of money and introduction to capital budgeting  
Topic 8: Cost of capital

### **OUBs018113 - Introduction to Banking**

The main objective of this module is to introduce the concepts financial system and banking to the students. A number of chapters would be covered to prepare the students for more specialized courses in banking and finance.

Topics to be covered:

- Financial system : Functions, components
- Financial intermediation and financial disintermediation
- Barter system. Money ; Types and functions, monetary standards
- Banks ; Types and functions , history of banks
- Theories of banking
- Banking principles, asset and liability management
- Interest rates
- Money and capital markets
- Monetary policy
- Central banking
- Banking regulation

### **OUBs018121 - Economic Statistics/ECOSTAT100**

This module is an introduction to the fundamental concepts of statistical description and analysis, aiming to equip students with the necessary background for investigating real-world data at a basic level. Emphasis is duly laid on interpretation of statistical findings. The module has the specificity that the concepts and analysis will be demonstrated by examples and data drawn from the fields of banking, finance and economics.

- Topic 1: Definition and Types of Data – Banking, Finance and Economic Data in Mauritius
- Topic 2: Data Description – Min, Max, Mean, Variance, Quartiles and Percentiles
- Topic 3: Data Representation – Tabulation, Pie Chart, Scatter Plot, Histogram, Boxplot
- Topic 4: Data Collection Methods and Data Quality – Population vs. Sample, Random Sampling
- Topic 5: Probability and Statistical Distributions – Discrete vs. Continuous, PDF, CDF, CLT
- Topic 6: Correlation and Line of Best Fit

### **OUBs018122 - Law Relating to Banking**

This module covers the important legal aspects of law in relation to financial services.

- Topic1: The regulatory framework in relation to Banking and Financial Services; Overview of the main legislation;
- Topic 2: Laws relating e-banking;
- Topic 3: The legal framework of banking and financial transactions
- Topic 4: Legal aspects of the financing of international transactions;
- Topic 5: Laws relating to insurance;
- Topic 6: Securities Law;
- Topic 7: Money laundering and relevant Acts.

### **OUBs018123 - IT Applications for Financial Sector**

Information Technology is heavily used in all spheres of the financial sector. This module first introduces students to basic concepts in Finance, including simple and compound interest rates, discounting and bond-pricing, project valuation and loan amortization. These concepts are then explained through computer applications, covering scenario analysis, solver and goal-seeker.

- Topic 1: Interest Rates: Definition and Types
- Topic 2: Discounting, Net Present Value and Project Valuation
- Topic 3: Bond-Pricing and Loan Amortization
- Topic 4: Computer Applications
- Topic 5: Computer Applications

### **OUBs018211 - Introduction to Financial Economics**

This module is an introductory module in financial economics focusing on expected utility analysis; concepts of risks and return; asset pricing models; market efficiency and introduction to options.

- Topic 1: Utility theory and expected utility analysis
- Topic 2: Calculating Risk and Return for Portfolios of Risky Assets; the Capital Market Line
- Topic 3: Introduction to Asset Pricing models: the capital asset pricing model and the arbitrage pricing theory
- Topic 4: Introduction to Market Efficiency
- Topic 5: Put and Call Options: an introduction

### **OUBs018212 - Macroeconomic Environment**

An introduction of the working of the aggregate level in the economy is the main objective of this module. The macroeconomic models and policy issues would be covered in relation to the role of the financial system.

#### Topics

- The national economy
- Macroeconomic issues and analysis
- Roots of modern macroeconomics
- Macroeconomic equilibrium, aggregate demand and aggregate supply
- Money and interest rates
- Monetary and fiscal policy ; government budgets
- Inflation and unemployment
- Long term economic growth
- Supply side policies
- The world economy : International trade, balance of payments and exchange rate policies

### **OUBs018213 - Monetary Economics**

An understanding of the role of money in the economy would be the main objective of this module. The students would be exposed to monetary and financial policies within the context of attaining the macroeconomic objectives.

#### Topics:

- Introduction to money
- Monetary standards and commodity money
- Credit rationing
- Interest rates
- Demand for money
- Money supply
- Monetary policy transmission mechanism
- Inflation dynamics
- Rational expectations and monetary policy effectiveness
- Rules v/s discretion in monetary policy
- Open economy monetary policy

### **OUBs018221/ECOMET100 - Basic Econometrics**

Building on “Introductory Economic Statistics”, this module introduces students to the field of econometrics at a basic level. The main topics covered are simple and multiple linear regression

analysis. Examples and Demos will make use of real-world banking, finance and economic data.

- Topic 1: Econometrics – Definition, Relation with Economics, Usage and Prospect in Practice
- Topic 2: Classical Linear Regression Model (CLRM) – Formulation, Assumptions and Examples
- Topic 3: CLRM – Estimation, BLUE Properties and Inference
- Topic 4: CLRM – Alternative Functional Forms and Interpretation
- Topic 5: Multiple Linear Regression Model (MLRM) – Formulation, Assumptions and Estimation
- Topic 6: MLRM – Interpretation and Inference
- Topic 7: MLRM – Breakdown of Assumptions: Consequences and Solutions.

### **OUBs018222 - Banking Practice & Governance**

A deeper analysis and role of banks would be covered in this module with more emphasis on governance. The importance of governance in the banking industry relating to risk management and financial stability would be discussed.

Topics:

- Types of banking
- Theories of banking
- Managing banks
- Banks balance sheet and income structure
- Banking risks management
- International banking
- Central banking and bank regulation
- Bank regulation and supervision
- Indicators of Bank soundness
- Corporate Governance of banks
- Role of Treasury

### **OUBs018223 - Economics for Business**

Modern managers operate in a very complex environment. This module aims to help managers recognize how economic forces affect organizations and describes the economic consequences of managerial behaviour. It also links economic concepts and quantitative methods to develop vital tools for managerial decision making.

- Topic 1: Usefulness for Managers; the why question; objectives of the firm
- Topic 2: Constrained optimization: bivariate and multivariate functions; use of the Lagrangian Technique
- Topic 3: Demand Forecasting: qualitative and quantitative techniques
- Topic 4: Cost theory with emphasis on cost in the short run
- Topic 5: Market structures: perfect competition and monopoly
- Topic 6: Oligopoly models: centralized cartel; market sharing; sales maximisation
- Topic 7: Pricing Practices including price discrimination

### **OUBs018311 - Global Business and the Regulatory Framework**

The objective of this module is to provide a deeper analysis of the role of financial institutions in the global economy. An analysis of the international financial markets, international finance and regulatory framework would be undertaken.

Topics:

- Global capital raising and trading: Foreign exchange and money markets. International bank lending.



- Global bond markets
- Global equity markets
- Advisory and investment services:
- Global private banking
- Competitive strategies
- International regulation and Compliance
- Trusts and limited liabilities partnership
- Offshore Financial Services

### **OUBs018312/INVAN100 - Investment Analysis**

The module deals firstly with the investment environment and investment risk and we shall proceed by considering the factors to be considered when investing. Detailed features of equities will then be explored together with their pricing. The portfolio theory, a central topic in investment will be discussed and will comprise of portfolio analysis, portfolio selection, asset allocation, the capital market theory and portfolio revision. We shall then examine the Efficient Market Hypothesis after which we shall step in the world of portfolio management and evaluation.

Topic 1: Importance of Investment analysis & complexities;

Topic 2: Calculating Risk and Return using Matrices

Topic 3: Asset Pricing Models; tests and empirical evidence

Topic 4: Fama French Three Factor model; Uses and limitations of asset pricing models

Topic 5: Market Efficiency: different levels; tests and empirical evidence on weak form

Topic 6: Market Efficiency: Semi strong form and empirical evidence; event study methodology

Topic 7: Market Efficiency: strong form; tests and empirical evidence

Topic 8: Introduction to portfolio evaluation

### **OUBs018313 - Contemporary Issues in Finance**

This module will be taught mainly with reference to latest journal articles in the area. The aim is to visit and expose students to some of the topical and contentious issues in finance.

Topic 1 & 2: Financial Crises; Contagion; Chaos Theory; Financial stability

Topic 3: International Asset Pricing Models;

Topic 4: Risk Management: micro and macro aspects; Value at Risk;

Topic 5: Behavioural Finance; Market psychology and noise trading

Topic 6: Issues in Performance Reporting

### **OUBs018321 - Data Analysis in Practice**

This module exposes students to practical analysis of data in the fields of economics, banking and finance at an intermediate level. Applications cover cross-section, time series and panel data techniques. Successful completion of this module shall enable students to appreciate applicability of econometrics in practice and open the door to more advanced applications subsequently.

Topic 1: Cross-Section Data and Analysis

Topic 2: Cross-Section Applications

Topic 3: Time Series Data and Analysis

Topic 4: Time Series Applications

Topic 5: Panel Data and Analysis

Topic 6: Panel Data Applications

### **OUBs018322 - Corporate Financial Strategy**

The module is aimed to provide a concise coverage of the most important topics in the management of capital expenditure (CAPEX) decisions, in a systematic and consistent manner; the complexities of optimal capital structure; optimal dividend payouts, debt stand-by arrangements, Initial Public Offerings (IPOs) and rights offerings; and the development of responses to stressful financial situations.

- Topic 1: Capital budgeting; appraisal techniques
- Topic 2: Capital structure theory; determinants of an optimal capital structure
- Topic 3: Cost of capital & agency theory
- Topic 4: Dividend policy: theory and evidence
- Topic 5: Leasing
- Topic 6: Bankruptcy prediction models

### **OUBs018323 - Banking & Financial Sector Compliance**

This module focuses upon regulation in banking and the financial services sector. It will introduce students to regulation and compliance literature including relevant economic theory, and focuses on the practice of regulatory and compliance management.

- Topic 1: Economic Theory: Market Failure; Adverse Selection & Moral Hazard Issues; Systemic Risks
- Topic 2: Need, Importance and Objectives of Regulation
- Topic 3: Regulatory Institutions & Standards
- Topic 4: Capital Adequacy; Basel I, II and III
- Topic 5: Financial Soundness/Strength Indicators
- Topic 6: Compliance Issues
- Topic 7: Self Regulation; Prudential Regulation; Excessive Regulation; Cost v/s Benefit Analysis

### **OUBs018411/MRUTAX100 – Mauritian Taxation**

Module Aims: The aim of this module is to provide learners with an overview on the administration and current practices of Mauritian Tax.

- Topic 1: Administration of Mauritian Tax
- Topic 2: Taxation of Individuals; Application of Tax Credits; Foreign Tax Credits
- Topic 3: Capital allowances
- Topic 4: Corporation tax
- Topic 5: Partnerships
- Topic 6: Value Added Tax
- Topic 7: Double Taxation Agreements
- Topic 8: Excise Duties

### **OUBs018412/INVSIS100 - Investment Analysis II**

This module builds on investment analysis I and considers portfolio evaluation at a more advanced level; bond markets and the different yield measures; an understanding of valuation models and the need for reporting standards.

- Topic 1: Portfolio Evaluation; Techniques; Stock select and market timing; limitations
- Topic 2: Bond Valuation: Yield measures; duration and convexity
- Topic 3: Valuation models
- Topic 4: Methods of reporting investment performance and harmonization
- Topic 5: Applications

### **OUBs018413/INTENV100 - International Financial Environment**

The changes in the international financial environment following the financial globalization and financial crisis would be discussed. The innovations in the financial environment would also be highlighted. References would be made to the policies implemented in developed and developing countries.

Topics:

- International regulatory framework

- Financial development and policy
- Financial globalization.
- Monetary union
- International capital markets
- Foreign Direct Investment
- Financing in the Short-Term and in the Long-Term
- International financial institutions
- International Trade Finance
- Political economy of finance

### **OUBs018421 - Economic & Financial Development Policy**

The objective of this module is to analyse the impact of financial policies on the economy with emphasis on the different financial policy regimes.

Topics:

- Finance and economic growth. Financial liberalization.
- Financial repression.
- Islamic finance
- Techniques of monetary policy
- Regulatory framework
- Informal financial markets
- Financial integration
- Financial globalization
- Capital flight

### **OUBs018422 - Monetary Policy Frameworks and Operations**

This module introduces students to monetary policy frameworks currently in force at major central banks and at the Bank of Mauritius. The corresponding monetary operations are also covered. This is essential learning for anyone who aspires to a high post in the economic and financial sector.

Topic 1: Central Banks and Monetary Policy

Topic 2: Monetary Policy Framework: Definition, Description and Usefulness

Topic 3: Monetary Operations and Instruments

Topic 4: The Fed, ECB and BoE

Topic 5: The Bank of Mauritius

### **OUBs018423/FIDER100 – Financial Derivatives Management**

The module explains the different types of risks in financial markets, covering default risk; liquidity and interest rate risk; and with emphasis on foreign exchange rate risks. The management of FOREX risks using both internal and external techniques such forward and futures; options and swaps will also be covered.

Topic 1: Types of Risks and Risks Management: an Overview

Topic 2: Managing Exchange Rate Risks & Importance

Topic 3: Four-Way Equivalence Model

Topic 4: Forwards & Futures

Topic 5: Options to manage risks

Topic 6: Swaps

Topic 7: Value at risks