

COURSE OUTLINE – ECCB SAVINGS AND INVESTMENTS COURSE



DISCUSSION AREAS	CLASS ACTIVITIES
<p>LESSON 1: PERSONAL FINANCIAL PLANNING</p> <p>a) Examine personal money management practices and identify areas that can be improved</p> <p>b) Matching income and expenses (your budget)</p> <p>c) Your Debt Profile – What Bank’s Assess</p>	<ul style="list-style-type: none"> • Developing Your Personal Financial Mission Statement • Developing A Budget • What is your money style
<p>LESSON 2: FACTORS AFFECTING FINANCIAL DECISIONS</p> <p>a) Simple Explanation of the Time Value Of Money Concept</p> <p>b) Risk Return Relationship of Financial Decisions</p> <p>c) Financial Decisions and their Impact on One’s Cash Flow</p> <p>d) Simple Probability Analysis in Evaluating Financial Decisions</p> <p>e) Computing One’s Personal Net Worth</p>	<ul style="list-style-type: none"> • Financial Stock Taking Exercise • <u>Case Study:</u> Susan’s Finances
<p>LESSON 3: DEVELOPMENT OF A PLAN TO REACH FINANCIAL GOALS</p> <p>a) Developing SMART Goals</p> <p>b) Understanding the impact of compound interest on savings and loans.</p> <p>c) The Impact of Interest Rates on Financial Goals: Add-on vs. Reducing Balance</p> <p>d) What you need to know about interest rates when taking loans: nominal versus effective rate</p> <p>e) Strategies to create positive cash flow so as to have a surplus to reach one’s financial goals. This should include a discussion of the pros and cons of (i) mortgage refinancing (ii) debt consolidation (c) using mortgage equity loans</p>	<ul style="list-style-type: none"> • Loan Checklist – Questions to Ask your Banker • Differentiating between nominal and effective interest rates • Compound interest and your loans • Managing Your Mortgage – Understanding the time value of money on interest rates • Designing SMART Financial Goals

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<p>LESSON 4: TYPES OF INVESTMENT INSTRUMENTS</p> <p>a) Definitions and characteristics of various financial instruments</p> <p>b) Calculating basic financial ratios</p> <p>c) Assessing the rates of returns on ECCU government securities</p> <p>d) Matching investment instruments with one’s investment objectives</p>	<ul style="list-style-type: none"> • Matching investments with investors of different investment profiles • Designing A Mutual Fund
<p>LESSON 5: HOW TO PROTECT ONE’S SELF AGAINST FINANCIAL RISK</p> <p>a) Evaluating the risks and returns associated with various financial instruments</p> <p>b) Understanding Simple Risk Management Strategies</p> <p>c) Simple illustration of the volatility of returns</p> <p>d) Understanding Bond Ratings (S&P code)</p>	<ul style="list-style-type: none"> • Identifying your investment preferences • <u>Case Studies:</u> <ul style="list-style-type: none"> i) The Smith’s – That’s Life ii) Miss Brown and Risky Business iii) Mr Major and Competitive Finance
<p>LESSON 6: TYPES OF FINANCIAL MARKETS</p> <p>a) Functions of Financial Markets</p> <ul style="list-style-type: none"> - Borrowing and Lending - Price Determination (existing and newly issued instruments) - Information Aggregation and coordination (information on asset values and the flow of funds) - Risk Sharing (risk transfer from borrower to lender) - Liquidity (sell or liquidate assets) - Efficiency (transactional and informational costs) <p>b) Various types of financial markets:</p> <ul style="list-style-type: none"> - Money markets, which provides short term debt financing and investment. - Stock markets, which facilitate the buying and selling of stocks and shares. - Bond markets, which provides financing through the 	<ul style="list-style-type: none"> • <u>Trading Exercise:</u> Repurchase Agreements • Designing the concept for a Fictitious Futures Market

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buying and selling of bonds and notes. - Foreign exchange markets which deal with international currencies. - Futures/Derivatives markets which provide standardised contracts for trading assets at some forward date and other instruments for handling financial risks.	
LESSON 7: HOW SECURITIES ARE BOUGHT AND SOLD a) Establishing an account with a Broker Dealer Trading on the Eastern Caribbean Securities Exchange (ECSE) b) Key terms in securities trading c) Placing Buy and Sell orders with a Broker Dealer d) Understanding the Continuous Order Matching Trading Methodology used by the ECSE	<ul style="list-style-type: none"> • <u>Trading Exercise:</u> 2- minute speed trading • <u>Case Study:</u> Smart Broker Dealers
LESSON 8: REGULATION OF FINANCIAL MARKETS a) Purpose and objectives of market regulation b) Regulatory Framework of the Eastern Caribbean Securities Market c) Identifying regulatory infractions	<ul style="list-style-type: none"> • Debate on the merits of market regulation • <u>Case Studies:</u> i) Hoover Diamonds ii) Caribe Isle iii) Much To Do About Nothing or Much To Do
LESSON 9 FACTORS THAT AFFECT PRICE a) Market movements as a result of the actions of investors to - Business conditions	<ul style="list-style-type: none"> • The Principles of Finance • Discussion on

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<ul style="list-style-type: none"> - Government actions - Economic indicators - International events and conditions b) An overview of fundamental and technical analysis 	<p>investors' responses to economic and business indicators as well as the actions of the FED, and the resulting impact on the prices of securities.</p> <ul style="list-style-type: none"> • Charting and discussing the price movements stocks
<p>LESSON 10: DEVELOPING AND MANAGING YOUR INVESTMENT PORTFOLIO</p> <ul style="list-style-type: none"> a) Market risk and diversification b) Assessing your investment profile c) Designing your investment portfolio 	<ul style="list-style-type: none"> • Debate on the merits of portfolio diversification. • Case Study Joanna Cantin