

# **BUSINESS ADMINISTRATION 364: BANK MANAGEMENT**

May 2006

**Professor:** Scott T. Fullwiler, Ph.D.  
**Time and Place:** Daily 1-4pm, WBC 117  
**Office Hours:** Daily by appointment

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## **COURSE DESCRIPTION:**

The first week of the course is fairly intensive traditional finance lessons relevant to bank operations and the economic environment of banking. Thereafter, we integrate a banking simulation for students to apply lessons learned in the first week. Two research projects—current trends in banking and the real estate market—will make up the balance of the course work. The course’s outline is somewhat like that of private “banking schools” that train up-and-coming banking professionals, which typically provide similar training during two intensive weeks worth of lessons, usually 7-8 hours per day, and also require a research project. In addition, in our class we will be spending a week in Chicago visiting the financial markets there and then attending the Federal Reserve Bank of Chicago’s Annual Conference on Banking Structure and Competition. This is one of the main banking conferences in the nation and is the only banking conference that brings together the top policymakers, researchers, and bankers to present and discuss current issues in the industry.

## **COURSE GOALS:**

- Demonstrate understanding of bank financial statements and ability to evaluate a bank’s financial performance.
- Be able to integrate asset/liability management techniques of banks into decisions regarding a bank’s investments, liquidity management, and capital management.
- Apply all of the above to a simulation in which students are making all the financial decisions for a bank.
- Demonstrate understanding of current trends in banking and in the real estate market. Be able to apply course lessons into the analyses in both papers.

## **COURSE MATERIALS:**

- Primis packet of readings. This contains 10 chapters from Peter S. Rose and Sylvia C. Hudgins, *Bank Management and Financial Services*, McGraw-Hill-Irwin (6<sup>th</sup> edition), 2006.
- Stanford Bank Game (12<sup>th</sup> Edition) User’s Manual. This is on my.wartburg and is broken into the following sections:
  - Introduction, pp. 1-24
  - Year 1, Quarter 4 discussion, pp. 25-48.
  - The Decision Form, pp. 49-76
  - Year 2, Quarter 1 discussion, pp. 77-83
  - Sources and Uses, pp. 84-94
  - Index, pp. 95-100
- Stanford Bank Game Instructor’s Manual. This has a lot of information for you, beginning on page 15. It is posted to my.wartburg.
- Financial calculator

## **COURSE GRADES:**

The following scale will be used in assigning grades:

93% and above	A	80% to 82.9999%	B-	67% to 69.9999%	D+
90% to 92.9999%	A-	77% to 79.9999%	C+	63% to 66.9999%	D
87% to 89.9999%	B+	73% to 76.9999%	C	60% to 62.9999%	D-
83% to 86.9999%	B	70% to 72.9999%	C--	Below 60%	F

Your course grade will be determined by your performance on two research papers, attendance/participation, and team report on the banking simulation. These will be assigned the following weights:

<i>Item</i>	<i>Weight</i>
Research Paper on Banking Industry Trends	26%
Research Paper on Real Estate Market	26%
Team Final Report	33%
Participation	<u>15%</u>
	100%

### **COURSEWORK:**

See the file on my.wartburg titled “Grading Criteria for Assignments” for the criteria I will use on all graded work. Note that there is an additional page of criteria for writing assignments.

#### *Research Paper on Banking Industry Trends:*

The assignment is to write an essay of about 1200-1500 words on various trends in the banking industry. Due date is Friday, May 12 at 5pm. Throughout the course outline below I have provided you with numerous papers that can be used as sources for this paper. You are not required to use all of them, but you should use many of them. The outline of your paper should be as follows:

- Introduction; main thesis of the paper
- Discuss various trends in the industry. Choose some of the following questions to guide your research (you do not need to use all of these; you should probably focus on 3-4 of them):
  - How has the role of banks within the financial services industry changed?
  - Discuss some of the strategic issues in the banking industry (small, large, growth, technology, branching, consolidation, etc.)
  - What have been the effects of regulatory changes on the banking industry?
  - What effect has Basel II had?
  - How have banks performed in recent and past history?
  - How does bank performance break down by bank size?
  - What role is there for community/rural banks now and in the future?
  - Why are there so many consolidations and what effect to these have?
  - How have bank operations changed with technology? (For example, liquidity management, derivatives management of interest rate risk and other risks, etc.)
  - What are some of the business and policy challenges facing the banking industry now and in the future?
  - IMPORTANT: Don't put these questions into the text of your paper. They are simply here to help you organize your research.
- Conclusion
- References
  - Complete citations of references
  - Citations of these, including specific pages, should be made throughout the text of the paper.
- Writing grading criteria (available on my.wartburg) will be STRICTLY enforced.

#### *Research Paper on the Real Estate Market:*

As above, the assignment is to write an essay of about 1200-1500 words on various trends and policy discussions related to the real estate market. Due date for this paper is Thursday, May 25 at 5pm. Again, in the course outline I have provided you with numerous papers that can be used as sources for this paper. Also, we will acquire numerous additional papers at the conference that can be used for this project; finally, you can cite points made by speakers at the conference even if they do not appear in any of the papers or texts (just be sure to add the presentation to your reference list). Use the same outline as above for this paper. The following are some issues to consider (again, it is probably best to focus on 3-4 of these):

- How has the real estate market performed of late and compared to historical performance?
- Is there a bubble? (Discuss the views of different analysts here, not your own views)
- Why do some think the real estate market will slow? Why do others disagree?
- What role do banks play in the real estate market and/or in the recent performance of the real estate market?
- What other factors besides banks have affected recent real estate market performance?
- What are the dangers facing banks if the real estate market gets into trouble? (There are many possibilities here, so be precise about the ones you want to cover in your paper.)
- What role do the GSEs play in the real estate market, the “bubble,” and in concerns over the effects of a real estate market slowdown? (Again, you might discuss differing views here of analysts)
- What effects do some think that banks’ use of derivatives has played or will play?
- What are the risks to the economy of a downturn in housing? How has recent performance in real estate affected the economy (be specific)?
- Other issues that arise at the conference can be incorporated, as well, such as the “Targeted Financial Markets” session in the afternoon on Thursday (May 18). Also, and as a related note, it appears that regulatory issues will be a big theme at the conference.

*Team Report:*

We will have 5-6 teams in the class; each team will run its own bank in the Stanford Bank Game simulation. A team report will be due on May 25. You will be provided with more information later, but the assignment will essentially require you to evaluate the team’s strategy and performance in the various functional areas of your bank’s operations, including previous decisions, what you learned, what went right/wrong, and why (and so forth).

*Participation:*

Given both the intensive nature of May term and the team work required in the course, active participation during class and preparation outside of class will be essential. Participation will therefore be an important component of your overall grade. The following will be considered in determining your participation grade:

- Preparedness (read ahead, work on relevant practice questions) and contributions in class
- Contributing to discussions with guest speakers
- Professionalism (including punctuality) during Chicago trip events
- Team member evaluation for Stanford Bank Game regarding preparedness, effort, teamwork, and reliability

*Attendance:*

Again, given the intensity of a May term schedule, it is imperative that absences be kept at a minimum. I consider attendance separately from participation for the most part, but there is a point at which absences affect participation. Each class will be the equivalent of nearly (about 80-85%) of one week of a normal semester. Overall, your composite grade for the course will be adjusted downward beginning with a second absence. Each additional absence will have a larger effect.

**IMPORTANT HOUSEKEEPING ITEMS:**

1. *Academic Integrity/Honesty:* Academic integrity is one of the basic principles of a college community. **By attending Wartburg College, students are demonstrating their dedication to the Honor Code. The Honor Code reminds students of their responsibility to promote academic honesty by opposing cheating and plagiarism and reporting dishonest work.**

ALL assignments are done by you (and nobody else) with no help or collaboration whatsoever unless EXPLICITLY allowed in writing by me. This means that you cannot defend yourself after the fact by claiming that I did not explicitly prohibit such activity on any assignment.

Any form of academic dishonesty will result in one or more of the following sanctions: a) loss of points for that specific assignment or exam; b) reduction in the final course grade; c) issuance of a grade of “F” for the entire course.

2. Commitment to Students with Disabilities: Wartburg College seeks to maintain a supportive academic environment for students with disabilities. To ensure their equal access to all educational programs, activities, and services, Federal law requires that students with disabilities notify the College, provide documentation, and request reasonable accommodations. If you need accommodations in this course, please notify the Dean of Students (Dr. Alexander Smith, Student Center, 352-8260, lex@wartburg.edu).
3. Harassment: Everyone in the class will conduct themselves in a mature and professional manner. I will not, nor will Wartburg College, tolerate any form of harassment in the classroom (including, but not limited to, harassment related to gender, race, or lifestyle). If you have a complaint, please bring it to my attention or to the attention of the Dean of Students (Dr. Alexander Smith, Student Center, 352-8260, lex@wartburg.edu).
4. Incompletes: Incompletes will be given only in rare cases of extreme personal or familial difficulties that prevent a student from completing the semester’s work, and in those cases only if the student has a passing grade (C- or better) *and* has completed a substantial percentage of the course.
5. Extra Credit: You should expect that there will be no opportunities for extra credit during the semester. In particular, there will be absolutely NO opportunities for extra credit on an individual basis, as this would be unfair to others in the class. Rather than hoping for extra credit opportunities, take responsibility for your performance in the course throughout the semester by following the advice provided above.

## **COURSE OUTLINE:**

Note that the “other” readings listed throughout are suggested as potential sources for the research papers.

Monday, May 1

Topics: Bank financial statements and performance

- Review of basic economics of banking
- Rose-Hudgins, Ch. 4, 5
  - Questions: Ch. 4 (1-14), Ch. 5 (3-14)
- Stanford Bank Game
  - Student Manual, pp. 4-23
- Other readings on banking industry performance:
  - Huberto M. Ennis. 2004. “Some Recent Trends in Commercial Banking.” Federal Reserve Bank of Richmond *Economic Review*, vol. 90, no. 2 (Spring): 41-61.
  - Heather Gratton. 2004. “Regional and Other Midsize Banks: Recent Trends and Short-Term Prospects.” *FDIC Future of Banking Study* (June).
  - Elizabeth C. Klee and Fabio M. Natalucci. 2005. “Profits and Balance Sheet Developments at U. S. Commercial Banks in 2004.” *Federal Reserve Bulletin* (Spring): 143-174.
  - Kenneth Spong and Richard J. Sullivan. 1999. “The Outlook for the U. S. Banking Industry: What Does the Experience of the 1980s and 1990s Tell Us?” Federal Reserve Bank of Kansas City *Economic Review* (4<sup>th</sup> Quarter): 65-83.
- Other readings on current emerging strategies in the banking industry:
  - Norman R. Bobins (LaSalle Bank). “The Key to Banking—Retail and Commercial: Relationships.” Proceedings of Chicago Fed’s Bank Structure and Competition Conference, pp. 76-82.

- Peter C. Davis. 2004. "Same-Branch Growth: Implications for a Changing Strategic Landscape." Proceedings from the Chicago Fed's Bank Structure and Competition Conference, pp. 90-96.
- Gary Lewis Evans (Bank of Internet USA). 2004. "Old-Fashioned Banking in a High-Tech Medium: Internet-Only Banks." Proceedings of Chicago Fed's Bank Structure and Competition Conference, pp. 83-89.
- James H. Hance, Jr (Bank of America). 2004. "Succeeding with Size: Maintaining Growth in Large Banks." Proceedings from the Chicago Fed's Bank Structure and Competition Conference, pp. 70-75.
- Stanley R. Ommen (State Farm Bank). 2004. "A New Model: The Experience of State Farm Bank." Proceedings from the Chicago Fed's Bank Structure and Competition Conference, pp. 65-69.
- Joseph D. Reid (Capitol Bankcorp). 2004. "Relationship Banking: A Successful Alternative to Scale." Proceedings from the Chicago Fed's Bank Structure and Competition Conference, pp. 60-64.
- Ronald L. Spieker. 2004. "Bank Branch Growth Has Been Steady—Will It Continue?" *FDIC Future of Banking Study*.
- Chiwon Yom. 2005. "Limited Purpose Banks: Their Specialties, Performance, and Prospects." *FDIC Banking Review*, vol. 17 (1): 19-34.
- Other readings on banking system consolidation
  - Gary Seale. 2004. "Branching Continues to Thrive as U. S. Banking System Consolidates." Federal Deposit Insurance Corporation's *FYI* (October 20).
  - Kevin J. Stiroh and Jennifer P. Poole. 2000. "Explaining the Rising Concentration of Banking Assets in the 1990s." Federal Reserve Bank of New York *Current Issues in Economics and Finance*, vol. 6, no. 9.
  - Tim Critchfield and Kenneth D. Jones. 2004. "The Declining Number of U. S. Banking Organizations: Will the Trend Continue?" *FDIC Future of Banking Study*.
  - Adam M. Zaretsky. 2004. "Bank Consolidation: Regulators Always Have the Ability to Pull the Plug." Federal Reserve Bank of St. Louis *Regional Economist* (January): 10-11.
- Other readings on trends at community banks
  - Tim Critchfield, Tyler Davis, Lee Davison, Heather Gratton, George Hanc, and Katherine Samolyk. 2004. "Community Banks: Their Recent Past, Current Performance, and Future Prospects." *FDIC Banking Review* 16 (3): 1-56.
  - Scott E. Hein, Timothy W. Koch (**Wartburg College '72**), and S. Scott MacDonald. 2005. "On the Uniqueness of Community Banks." Federal Reserve Bank of Atlanta *Economic Review*, vol. 90, no. 1 (First Quarter): 15-36.
  - Mark W. Olson. 2004. "The Competitive Edge of Community Banks." Proceeding's from the Chicago Fed's Bank Structure and Competition Conference, pp. 30-34.
  - Jeff Plagge (**First National Bank of Waverly**). 2005. "Providing Banking Services in a Small and Rural Market." Proceedings from Chicago Fed's Bank Structure and Competition Conference, pp. 34-37.
  - Alan R. Tubbs (**Ohnward Bankshares, Maquoketa**). 2005. "Consumer Lending at Community Banks." Proceedings from Chicago Fed's Bank Structure and Competition Conference, pp. 59-71.
  - Jeffrey Walser and John Anderlik. 2004. "Rural Depopulation: What Does It Mean for the Future Economic Health of Rural Areas and the Community Banks that Support Them?" *FDIC Banking Review* 16 (3): 57-95.

Tuesday, May 2

Topics: Bank performance (continued) and asset/liability management

- Rose-Hudgins, Ch. 5 (continued), 6
  - Questions: Ch. 6 (1-14)
- Stanford Bank Game
  - Print out both Quarter 1-4 file and pp. 24-48 from the Student Manual and bring to class.
  - Student Manual, pp. 24-34

Wednesday, May 3

Topics: Asset/liability management (continued) and bank investments

- Rose-Hudgins, Ch. 6 (continued), 9
  - Questions: Ch. 9 (1-14)
- Stanford Bank Game
  - Student Manual, pp. 35-45
- Other readings on trends in bank investments:
  - Katherine Samolyk. 2004. "The Evolving Role of Commercial Banks in U. S. Credit Markets." *FDIC Banking Review* 16 (2): 29-65.

Thursday, May 4

Topics: Bank investments (continued) and liquidity management

- Rose-Hudgins, Ch. 9 (continued), 10
  - Questions: Ch. 10 (1-14)
- Stanford Bank Game
  - Student Manual, pp. 49-75
- Other readings on trends in bank liquidity:
  - Julie L. Stackhouse and Mark D. Vaughan. 2003. "Navigating the Brave New World of Bank Liquidity." *Federal Reserve Bank of St. Louis Regional Economist* (July).

Friday, May 5

Topics: Bank liquidity (continued) and capital management

- Rose-Hudgins, Ch. 10 (continued), 14
- Questions:
  - Ch. 14 (1-8)
- Stanford Bank Game
  - Student Manual, pp. 46-48, 77-94 and Quarter 2-1 printout
- Other readings on trends in bank capital management:
  - Susan Burhouse, John Feid, George French, and Keith Ligon. 2003. "Basel and the Evolution of Capital Regulation: Moving Forward, Looking Back." *Federal Deposit Insurance Corporation's FYI* (January 14).
  - Jason C. Cave, John Field, George French, William A. Stark. 2003. "Risk-Based Capital Requirements for Commercial Lending: The Impact of Basel II." *Federal Deposit Insurance Corporation's FYI* (April 21).
  - William R. Emmons, Vahe Lskavyan and Timothy J. Yeager. 2005. "Basel II Will Trickle Down to Community Bankers, Consumers." *Federal Reserve Bank of St. Louis Regional Economist* (April).

Monday, May 8

Topics: Stanford Bank Game simulation capital management (if necessary)

- Stanford Bank Game
  - For SBG simulation, look over Rose-Hudgins, Ch. 7 (pp. 166-178) regarding futures contracts for managing interest rate risk.
  - Hedging with futures is discussed in the Manual, pages 39-43, 63.

- Keep in mind the following from the Instructor's Manual:
  - Sensitivities of outputs to your decisions are discussed in pp. 15-19
  - Hedging Interest Rate Exposure, pp. 20-27
  - Stock pricing discussed on page 30
  - All ratios used in the game in pages 31-36
  - Corporate return calculation is shown on page 41 (this is a bank's version of ROIC). The printout calculates this for you, but how to do it is shown here.
  - WACC calculation is shown on pages 42-43. Again, the printout does this for you; this simply shows how to do it.
- Simulation decisions for quarter 2.2 due by 5pm. Decision form is posted to my.wartburg.

Tuesday, May 9

Topics: (De)regulation in banking and review of Stanford Bank Game results

- Rose-Hudgins, Ch. 2
  - Questions: Ch. 2 (1-3)
- Stanford Bank Game
  - Simulation decisions for rerun of quarter 2.2 due by 5pm
- Other readings on trends in bank services regulation:
  - Michael Barbaro. 2005. "Bankers Oppose Wal Mart." *The New York Times* (October 15). Google for more on this topic if you intend to write about it, since there has been some activity since.
  - Christine E. Blair. 2005. "The Mixing of Banking and Commerce: Current Policy Issues." *FDIC Banking Review*, vol. 16, no. 4: 97-120.
  - John P. Bovenzi. 2005. "Business Lending Trends and Regulatory Initiatives." Proceedings from Chicago Fed's Bank Structure and Competition Conference, pp. 48-55.
  - Valentine V. Craig. 2004. "The Changing Corporate Governance Environment: Implications for the Banking Industry." *FDIC Banking Review*, vol. 16, no. 4: 121-135.
  - Ellen Harshman, Fred C. Yeager and Timothy J. Yeager. 2005. "Gramm-Leach-Bliley Turns 5." Federal Reserve Bank of St. Louis *Regional Economist* (October).
  - William R. Emmons and Frank A. Schmid. 2003. "Credit Unions Make Friends—But Not With Bankers." Federal Reserve Bank of St. Louis *Regional Economist* (October).  
<http://www.stlouisfed.org/publications/re/2005/d/pages/GLBA.html>
  - John Krainer. 2000. "The Separation of Banking and Commerce." Federal Reserve Bank of San Francisco *Economic Review*, 15-25.

Wednesday, May 10

Topics: Bank regulation

- Presentation by Vaughn Noring, Bank Bureau Chief of Iowa Division of Banking
- Stanford Bank Game
  - Simulation decisions for quarter 2.3 due by 5pm

Thursday, May 11

Topics: Securitization and Derivative Hedging Tools

- Rose-Hudgins, Ch. 7
  - Questions: Ch. 7 (1-17)
- Stanford Bank Game
  - Simulation decisions for quarter 2.4 due by 5pm
- Other readings on trends in derivatives and banking

- Klimentina Poposka, Mark D. Vaughan and Timothy J. Yeager. 2004. “The Two Faces of Banking.” Federal Reserve Bank of St. Louis *Regional Economist* (October).
- Allen C. Puwalski. 2003. “Derivative Risk in Commercial Banking.” Federal Deposit Insurance Company’s *FYI* (March 26).
- Other readings on GSEs:
  - Robert A. Eisenbeis, W. Scott Frame, and Lawrence J. White. 2006. “An Analysis of the Systemic Risks Posed by Fannie Mae and Freddie Mac and an Evaluation of the Policy Options for Reducing those Risks.” Federal Reserve Bank of Atlanta Working Paper No. 2006-2 (April). *Consider this for real estate paper.*
  - W. Scott Frame and Lawrence J. White. 2004b. “Fussing and Fuming over Fannie and Freddie: How Much Smoke, How Much Fire?” Federal Reserve Bank of Atlanta Working Paper No. 2004-26 (October). *Consider this for both papers.*
  - W. Scott Frame and Lawrence J. White. 2004a. “Emerging Competition and Risk Taking Incentives at Fannie Mae and Freddie Mac.” Federal Reserve Bank of Atlanta Working Paper No. 2004-4 (February). *Consider this for real estate paper.*
  - Bert Ely. 2004. “How to Privatize Fannie Mae and Freddie Mac.” Presented at Chicago Fed’s Bank Structure and Competition Conference. (On my.wartburg.) *Consider this for real estate paper.*

Friday, May 12

Topics: Securitization and derivatives (continued), final briefing before trip

- Stanford Bank Game
  - Simulation decisions for quarter 3.1 due by 5pm
- Other papers you should read before the conference and consider for the real estate paper:
  - Rose-Hudgins, Ch. 17 (pp. 387-400) provides a good overview of bank lending in real estate.
  - Frame and White 2004b paper from May11 on GSEs (their 2006 paper with Eisenbeis is probably even better, but longer). This is a good overview of GSEs, which will undoubtedly play an important role in conference discussions. Also, Ely’s paper is of note since I would expect him to be at the conference given the topic (and he will make his presence known if he is there).
  - Robert Shiller. 2005. “The Real Estate Market in Historical Perspective.” Ch. 2 of *Irrational Exuberance* (2<sup>nd</sup> Ed.), Princeton Univ. Press, pp. 11-27.
- Consider these for the real estate paper (and the more of these you can read before the conference, the more you will understand):
  - Cynthia Angell and Norman Williams. 2005. “U. S. Home Prices: Does Bust Always Follow Boom?” Federal Deposit Insurance Corporation’s *FYI* (May 2).
  - Charles Collier, Sean Forbush, and David A. Nuxoll. 2003. “Evaluating the Vulnerability of Banks and Thrifts to a Real Estate Crisis.” *FDIC Banking Review* 15 (3): 19-36.
  - William R. Emmons, Mark D. Vaughan and Timothy J. Yeager. 2004. “The Housing Giants in Plain View.” Federal Reserve Bank of St. Louis *Regional Economist* (July).
  - Federal Deposit Insurance Corporation. 2003. “The Changing Paradigm in Commercial Real Estate: Roundtable Discussion.” Federal Deposit Insurance Corporation’s *FYI* (October 28).

- William T. Gavin. 2006. “Movin’ On Up.” Federal Reserve Bank of St. Louis *Regional Economist* (April).
- Richard K. Greene and Susan M. Wachter. 2004. “The Uniqueness of the U. S. Mortgage.” Proceedings of Chicago Fed’s Bank Structure and Competition Conference, pp. 470-477.
- Charles Kulp. 2004. “Assessing the Banking Industry’s Exposure to an Implicit Government Guarantee of GSEs” Federal Deposit Insurance Corporation’s *FYI* (April 14).
- Franklin D. Raines (former Fannie Mae CEO). 2004. “Managing Systemic Risk: Fannie Mae’s Successes.” Proceedings of Chicago Fed’s Bank Structure and Competition Conference, pp. 458-463.
- Chiwon Yom. 2005. “Recently Chartered Banks’ Vulnerability to Real Estate Crisis.” *FDIC Banking Review* 17 (2): 1-15.
- In addition, for the real estate paper, you will have copies of reports by the Real Estate Research Corporation on the U. S. real estate market, compliments of Ken Riggs, CEO.

**CHICAGO TRIP: PRELIMINARY SCHEDULE**  
Finalized Schedule Will Be Provided at a Later Date

Monday, May 15

9:00am: Leave Wartburg College (meet in front of Neumann Auditorium)

3:00pm: Arrive in Chicago

Holiday Inn Chicago Mart Plaza

350 N Orleans St

Chicago, IL 60654

312-836-5000

<http://chicago.martplaza.holiday-inn.com/>

6 or 7pm: Dinner (Cheesecake Factory? Other thoughts?)

Tuesday, May 16

8:30am: Meet bus in front of hotel

9:00am: Chicago Board of Trade ([www.cbot.com](http://www.cbot.com))

(not yet finalized)

11:00am: Chicago Mercantile Exchange ([www.cme.com](http://www.cme.com))

1:00pm Federal Reserve Bank of Chicago ([www.chicagofed.org](http://www.chicagofed.org))

Wednesday, May 17

Trying to arrange a visit to a Chicago bank

1:00pm: Chicago Board Options Exchange ([www.cboe.com](http://www.cboe.com))

- NO JEANS ALLOWED (we will be going onto the trading floor)

- CBOE will provide us with some refreshments and an instructor from the Options Institute (what do we want him/her to talk about? Let me know ASAP)

Thursday, May 18

- Note: Conference dress is business formal and conservative. Most common colors will be blue and dark gray.

7:15am: Meet bus in front of hotel

7:35am: Arrive at conference for registration materials pick-up, continental breakfast

- There is a large display of research materials from the Chicago Fed, which you should look over for possible sources for the real estate paper.
- Papers presented at the conference will be available prior to each session, so you can have the paper to look over as the speaker presents it. A few papers are already

available at the conference website

([http://www.chicagofed.org/news\\_and\\_conferences/conferences\\_and\\_events/2006\\_bsc\\_agenda.cfm](http://www.chicagofed.org/news_and_conferences/conferences_and_events/2006_bsc_agenda.cfm))

- Bernanke's speech will be available on the Fed's website ([www.federalreserve.gov](http://www.federalreserve.gov)) as soon as he speaks. Thursday's financial news casts (CNBC, CNN Money, etc.) and Friday's newspapers will analyze his speech *ad nauseam*.

8:00am: Make your way into the conference ballroom; get a good seat for Bernanke's presentation, which starts at 8:15. You might want to get up during the intermission following his presentation and take a seat farther back (it's going to be a long day; you might be walking in and out a bit, so it's best to be in back and be less visible). If a presentation is boring (many will be!), consider prepping your real estate paper.

We will stay at the conference through 5:30. There is a reception with food afterward if you want to stay.

Friday, May 19

7:30am: Meet bus in front of hotel

7:50am: Arrive at conference, continental breakfast

8:10am: Make your way into conference ballroom; get a good seat for Shiller's presentation.

We will stay at the conference through lunch and the lunch keynote speaker (Comptroller of the Currency John Dugan—the nation's primary regulator of national banks). After his speech, we will leave and return to the hotel (about 1:30pm) to change clothes, check out, and leave. We will be back in Waverly by 9 or 10pm.

Monday, May 22

Topics: Debriefing of conference and lending to households

- Awards for conference presenters (best/worst presenter, best/worst paper, biggest dork, etc.)
- Rose-Hudgins, Ch. 17
  - Questions: Ch. 17 (1-3, 7-20)
- Stanford Bank Game
  - Simulation decisions for quarter 3.2 due by 5pm

Tuesday, May 23

Topics: Lending to households (continued) and businesses

- Rose-Hudgins, Ch. 16
  - Questions: Ch. 16, (1, 2, 6-10)
- Stanford Bank Game
  - Simulation decisions for quarter 3.3 due by 5pm

Wednesday, May 24

Topics: Lending to businesses (continued)

- Stanford Bank Game
  - Simulation decisions for quarter 3.4 due by 5pm

Thursday, May 25

- Real estate paper and team report due by 5pm
- Class time used for consultation, answering questions, team meetings, etc.
- Team member evaluation can be emailed at any time as long as I receive it before I complete final grades on Friday morning.