



## DEPARTMENT OF ECONOMICS

### **NEK106 Principles of Financial Economics, 5 credits**

Grundläggande finansiell ekonomi, 5 högskolepoäng

*First Cycle*

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#### **Confirmation**

This course syllabus was confirmed by Department of Economics on 2020-06-12 and was last revised on 2023-03-13 to be valid from 2023-08-28, autumn semester of 2023.

*Field of education:* Social Sciences 100%

*Department:* Department of Economics

#### **Position in the educational system**

NEK106 is a 5.0-credit single subject basic course in economics, offered at the first-cycle level.

The course can be part of the following programmes: 1) European Studies Program (S1EUR), 2) Program in Environmental Social Science (S1SMI) and 3) Program in Political Science (S1STV)

*Main field of studies*

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*Specialization*

G1F, First cycle, has less than 60 credits in first-cycle course/s as entry requirements

#### **Entry requirements**

Admission to the course requires previous knowledge of basic Macroeconomics and Microeconomics.

#### **Learning outcomes**

On successful completion of the course the student will be able to:

1. explain the functions of financial markets and the financial institutions in a market economy.
2. explain the reason for interest rate differences that may sometimes occur between

different financial instruments.

3. calculate and analyse the return and risk on financial instruments.

How overall learning goals of the Bachelor's degree are related to the learning outcomes of the course:

| Overall learning goals      | Learning outcomes |
|-----------------------------|-------------------|
| Knowledge and understanding | 1+2+3             |
| Skills and abilities        | 3                 |
| Judgement and approach      | 1                 |

The course is sustainability-related, which means that at least one of the learning outcomes clearly shows that the course content meets at least one of the University of Gothenburg's confirmed sustainability criteria.

### Course content

The course consists of three parts:

1. A description of markets and instruments, especially the markets for bonds and stocks.
2. A theoretical part concerning the basics of valuation of bonds and shares and how to theoretically determine return on equity through CAPM.
3. The financial institutions (banks, insurance companies, mutual funds and investment banks) role as intermediaries of capital and risk.

### Form of teaching

The content of the course is presented mainly at lectures and in group exercises. A large part of the knowledge acquisition on the course is done through own work by the student.

*Language of instruction:* Swedish

Teaching activities and literature in English may occur.

### Assessment

All Learning goals are examined by a written exam.

A student who has taken two exams in a course or part of a course without obtaining a pass grade is entitled to the nomination of another examiner. The student needs to contact the department for a new examiner, preferably in writing, and this should be approved by the department unless there are special reasons to the contrary (Chapter 6 Section 22 of the Higher Education Ordinance).

If a student has received a recommendation from the University of Gothenburg for special educational support, where it is compatible with the learning outcomes of the course and provided that no unreasonable resources are required, the examiner may decide to allow the student to sit an adjusted exam or alternative form of assessment.

In the event that a course has ceased or undergone major changes, students are to be guaranteed at least three examination sessions (including the ordinary examination session) over a period of at least one year, but no more than two years, after the course has ceased/been changed. The same applies to placements and professional placements (VFU), although this is restricted to just one additional examination session.

**Grades**

The grading scale comprises: Excellent (A), Very good (B), Good (C), Satisfactory (D), Sufficient (E) and Fail (F).

**Course evaluation**

Course evaluation is done digitally and anonymously at the end of the course.

The survey material is compiled and the results from the course evaluation and proposals for possible improvement measures are discussed at the course committee meeting. After the course evaluation is completed, the result will be published at the course homepage.

If a change of course is done based on the course evaluation, this will be communicated at the course introduction for the upcoming student group.

**Additional information**

Limitations: The course may not be included in the same degree as NEK802, NEK104, NEG110, NEG100 and NE0100.