

Financial Markets *and* Institutions

Prof. Dr. H. M. Mosarof Hossain



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by Prof. Dr. H. M. Mosarof Hossain

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Contacts

Cell: (+88) 0183 296 9 280, 01766 073 321

E-mail: aplbooks2017@gmail.com

Preface

The text book entitled *Financial Markets and Institutions: Conventional and Islamic Approach* has been designed and developed for the BBA and MBA students of the public and private universities of Bangladesh.

Financial markets facilitate the flow of funds in order to finance investments by corporations, governments and individuals. Financial institutions are the key players in financial markets because they serve as intermediaries that determine the flow of funds. Financial Markets and Institutions, provides a conceptual framework that can be used to understand why markets exist. Each type of financial market is described, with a focus on the securities that are traded in that market and the participation by financial institutions. Today, many financial institutions offer all types of financial services, such as banking, securities services, mutual fund services and insurance services. Although financial institutions overlap in the services they offer, the services that can be offered are distinctly different. Therefore, the discussion of financial services in this book is organized on the basis of type of service. The whole text book has been divided into 14 chapters namely, Overview of the Financial Environment, Financial Intermediaries and Financial Innovation, Depository Institutions: Activities and Characteristics, Insurance Companies, Investment Companies, Pension Fund, Leasing Companies, Properties and Pricing of Financial Assets, The Level and Structure of Interest Rates, Risk-Return and Asset Pricing Models, Primary Markets and the Underwriting of Securities, Secondary Markets, Markets for Corporate Senior Instruments and the Mortgage Market have been developed both from the conventional and Islamic perspectives. Major features of the book are as follows-

Objectives

In the beginning of each of the chapters, learning objectives have been provided. In accordance with these objectives chapter outline have also been developed.

Key words

Each chapter also includes key words of that chapter separately so that students can get pre-idea about the contents and discussions of the chapter.

Illustrations

Illustrations are also provided to reinforce the key concepts.

Multiple choice questions

At the end of each chapter provide few multiple choice questions so that students can test their self learning.

Questions and applications

Questions and applications section at the end of each chapter test students' understanding of the key concepts and may serve as homework assignments or study aids in preparation for examinations.

Problems

Selected chapters include some practical problems to test students computational skills.

Point counter-point

A controversial issue is introduced, along with opposing arguments, and students are asked to determine which argument is correct and explain why.

Summary

At the end of each chapter summarizes the concepts and ideas of that chapter.

References

At the end of each chapter include relevant references of various texts and other published materials have also been included at the end of each chapter.

Shari'ah compliance

In each chapter, there are included concepts and explanations of *Shari'ah* about relevant terms.

However, this book specially contains the concepts and definitions of important terminologies from the view point of both conventional and *Shari'ah*. This text is suitable for both undergraduate and graduate level courses in financial markets, financial institutions or both. Students as well as teachers those have the major in finance will be very beneficial from this book *InshaAllah*. I would feel rewarded for spending valuable time and energy if the general readers as well as professionals find this text book worthwhile and useful.

Finally, I am very much thankful to Dr. M Abdul Aziz, Managing Director of APL for his commitment, various initiatives and painstaking effort for this new edition of publication. *Jazakallahu khairan*.

Prof. Dr. H. M. Mosarof Hossain
Department of Finance
University of Dhaka

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