

## Liverpool John Moores University

Title: RESEARCH METHODS IN FINANCE 1  
Status: Definitive  
Code: **7515AE** (107288)  
Version Start Date: 01-08-2011

Owning School/Faculty: Liverpool Business School  
Teaching School/Faculty: Isle of Man International Business School

Team	Leader
Alex Watt	Y

**Academic Level:** FHEQ7  
**Credit Value:** 12.00  
**Total Delivered Hours:** 48.00  
**Total Learning Hours:** 120  
**Private Study:** 72

### Delivery Options

Course typically offered: Runs Twice - S1 & S2

Component	Contact Hours
Lecture	24.000
Tutorial	24.000

**Grading Basis:** 40 %

### Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Essay	AS1	coursework	50.0	
Essay	AS2	coursework	50.0	

### Aims

*This module aims to prepare the student for the dissertation component of the M.Sc. in International Banking and Finance by (a) introducing in the lectures the research methods used in quantitative work in international banking and finance;(b) using the MICROFIT package to illustrate the use of these methods and to re-inforce the students understanding of them; (c) covering basic word processing and requiring students to word-process the assignments.*

## Learning Outcomes

After completing the module the student should be able to:

- 1 Identify the research methods used in quantitative research in international banking and finance and assess their validity.
- 2 Use MICROFIT for multiple regression analysis and correctly interpret the diagnostic statistics for testing for heteroscedasticity, auto-correlation, functional form and normality together with the analysis of the residuals.
- 3 Use WORD to produce research reports in a suitable format.

## Learning Outcomes of Assessments

The assessment item list is assessed via the learning outcomes listed:

ESSAY	1	2	3
ESSAY	1	2	3

## Outline Syllabus

1. *Statistical theory*
2. *Chi-squared and F-tests for variances.*
3. *Correlation, simple and multiple regression.*
4. *Tests of the assumptions in regression including tests for auto-correlation, heteroscedasticity, functional and randomness of the residuals.*
5. *Stationary series.*
6. *Simultaneous equations, identification and estimation.*
7. *Simulation.*
8. *Introduction to the dissertation.*

## Learning Activities

The module will consist of a 2 hour lecture and a 2 hour computer lab session.

## References

<b>Course Material</b>	Book
<b>Author</b>	Pesaran MH and Pesaran B
<b>Publishing Year</b>	1997
<b>Title</b>	Working with Microfit 4.0
<b>Subtitle</b>	
<b>Edition</b>	
<b>Publisher</b>	Oxford University Press
<b>ISBN</b>	0-19-268531-7

<b>Course Material</b>	Book
<b>Author</b>	Gujarati D
<b>Publishing Year</b>	1995
<b>Title</b>	Basic Econometrics
<b>Subtitle</b>	
<b>Edition</b>	
<b>Publisher</b>	McGraw-Hill
<b>ISBN</b>	0-07-113964-8

<b>Course Material</b>	Book
<b>Author</b>	Kennedy P
<b>Publishing Year</b>	1992
<b>Title</b>	A Guide of Econometrics
<b>Subtitle</b>	
<b>Edition</b>	
<b>Publisher</b>	Blackwell
<b>ISBN</b>	0-631-18211-X

<b>Course Material</b>	Book
<b>Author</b>	Applied Economics
<b>Publishing Year</b>	0
<b>Title</b>	
<b>Subtitle</b>	
<b>Edition</b>	
<b>Publisher</b>	
<b>ISBN</b>	

<b>Course Material</b>	Book
<b>Author</b>	Applied Financial Economics
<b>Publishing Year</b>	0
<b>Title</b>	
<b>Subtitle</b>	
<b>Edition</b>	
<b>Publisher</b>	
<b>ISBN</b>	

<b>Course Material</b>	Book
<b>Author</b>	Federal Reserve Bank publications
<b>Publishing Year</b>	0
<b>Title</b>	
<b>Subtitle</b>	
<b>Edition</b>	
<b>Publisher</b>	
<b>ISBN</b>	

Notes

Designed primarily for M.Sc. International Banking and Finance students, this module introduces word processing, statistical presentation and analytical concepts. This will enable students to use a MICROFIT to undertake regression analysis and WORD to produce a report. The module is a preparation for Research Methods in Finance II and the dissertation required for the M.Sc. in International Banking and Finance.