Teaching Content Integration and Design of "Finance" from the Perspective of Financial Structure

Guangxian Zhang[1]

[1] *Shandong Technology and Business University, Yantai, Shandong, China*

ABSTRACT

"Finance", as a basic course for undergraduate finance majors, has a wide range of content and coverage. Teaching it in sections and chapters based on textbooks does not help students master the main content of the course as a whole. Designing teaching content from the perspective of financial structure can help students construct a framework for course content, strengthen comparative learning and overall grasp of course content, guide students to learn financial related content based on the basic principles of economics, and achieve the integration and integration of finance and economics.

Keywords: *Finance, Financial structure, Teaching design.*

1. INTRODUCTION

In the undergraduate course system of finance, "finance" is an introductory course and basic course for students to systematically learn financial professional knowledge. It covers almost all aspects of financial professional knowledge, and helps guide students to cultivate core financial concepts, understand basic financial theories, master basic financial knowledge, and build a framework of financial professional knowledge system. The subsequent professional courses of finance majors are basically based on this course, which is an extension and deepening of a certain aspect of the course content. In the teaching process of "Finance", it is necessary to guide students to gradually understand the structure of the financial system and continuously deepen their understanding of the essence and functions of finance, which is the basic teaching goal of this course.

The popular textbook of "Finance" in China generally combines financial structure theory with financial intermediary theory, financial deepening theory, financial constraint theory, financial function theory, etc. to form the financial development theory, which is placed at the back of the textbook. If taught in sections and chapters based on the textbook, the importance of a financial structure perspective cannot be highlighted, and it will not help students grasp the main content of the course as a whole. In fact, as a system, finance must have its own structure, and each component must have its unique functions. Learning the course of "Finance" is mainly about learning about the various components of finance, thereby enhancing the understanding of the entire financial system. According to systems theory, it is a natural choice to learn the whole system from the perspective of system structure. Moreover, since Goldsmith (1969), the theory of financial structure has been widely recognized in textbooks. If the relevant content of the "Finance" course can be integrated based on the perspective of financial structure, and this perspective runs through the entire teaching process, it can effectively guide students to form a main line of understanding the main content of the course, inspire students to consciously construct a financial knowledge framework, and gradually deepen their thinking, absorption, and application of financial essence, concepts, and theoretical knowledge.

2. CONSTRUCTING THE CONTENT FRAMEWORK OF FINANCE FROM THE PERSPECTIVE OF FINANCIAL STRUCTURE

Goldsmith (1969) proposed that the financial structure is jointly determined by financial instruments and institutions, and the forms, properties, and relative sizes of various financial instruments and institutions collectively constitute the characteristics of a country's financial structure. The financial structure itself has a framework, and the relevant teaching content ranges from simple to complex, from shallow to deep, covering the main content of the "Finance" course. Structural analysis of the financial system can be conducted from multiple levels and perspectives.

2.1 Mastering the Concepts and Course Framework of Finance

As two basic forms of monetary financing, introducing the concepts of direct financing and indirect financing, introducing the differences and connections between the "market led" and "bank led" financial structural models, and comparing the two forms of financing throughout the course will not only help students understand the concept of finance, but also help students establish a content framework for finance.

2.2 Understanding Various Types of Financial Intermediary

Fund financing refers to the allocation of surplus funds (supply side) and deficit funds (demand side) through various financial activities. From the perspective of the participation degree and characteristics of financial intermediary in capital financing, the typical direct financing is that the fund supplier and demander directly transfer funds through agreements, and financial institutions play the role of brokers, agents or matchmakers, without substantive involvement in the capital lending link. The typical indirect financing is that financial intermediary (mainly deposit and loan financial institutions such as commercial banks) act as intermediaries for financing. On the one hand, they collect idle funds in the hands of surplus fund raisers by taking deposits, issuing securities and other ways, and on the other hand, they provide funds to the demander through loans and other forms. Financial institutions sign deposit certificates and loan contracts with surplus and demand parties respectively, which not only play a bridging role in fund financing but also isolate the direct relationship between surplus and demand parties. Further, from the role, form and characteristics of financing, financial intermediary can be divided into different types, compare and analyze different financial institutions, and improve the understanding and mastery of the intermediary role of financial institutions in financing.

2.3 Understanding the Sharing, Identification, and Management of Financial Risks

Risk management is an important content of finance, and analyzing different types of financial instruments from the perspective of risk return matching and asset allocation is an important content of finance. From the perspective of risk taking, in typical direct financing, a direct debt or equity relationship is established between the fund supplier (i.e. investor) and the fund demander (i.e. financier), where the investor directly bears the risk and obtains matching returns. In typical indirect financing, banks sign loan contracts with borrowers such as enterprises, establish direct debt relationships, and bear loan risks; On the other hand, by absorbing idle funds from depositors through deposit certificates without default risk, depositors, as actual investors, do not directly bear the risk. Deposit certificates and corporate loan contracts are two completely different financial instruments with completely different risk returns. Furthermore, from the perspective of risk sharing, various investment and financing tools have different risk return characteristics. Financial institutions construct a funding and investment financing chain through different combinations of investment and financing tools, and achieve risk sharing and income distribution among different financial institutions and investment and financing entities in specific ways. In the market-oriented direct financing model, investors mainly identify risks through public information disclosure mechanisms and professional third-party institutions, and manage risks through market transactions. It is crucial to ensure that the financial market system is sound, and the market system and its operation are standardized. In the indirect financing model led by banks, banks bear loan risks, and their core competitiveness includes assessing the risks of financiers, continuous supervision of loans, and the ability to handle non-performing loans.

3. INTEGRATING FINANCE AND ECONOMICS FROM THE PERSPECTIVE OF FINANCIAL STRUCTURE

Finance belongs to the field of economics, and undergraduate finance graduates are awarded a degree in economics. The financial system is a subsystem of the entire economic system, playing a unique role and function in a large economic system. Studying financial structure related content involves many basic theories of economics. Combining the study of relevant theories and content in finance with the basic principles of economics that students have already learned can help students jump out of finance and view finance from the perspective of the real economy, grasp financial theory from the perspective of the entire economic system, improve their learning position, and achieve a comprehensive understanding of finance and economics.

3.1 Firmly Adhering to the Concept of Financial Services for the Real Economy

The role of finance in the entire economic system, especially the relationship between finance and economic growth, is a fundamental issue in finance, and there are also many controversies in theory and practice. The financial system is vast and complex, and financial investment is chaotic. Financial theory and knowledge are relatively more professional and self-contained, making learning finance easy to fall into its small details and unable to extricate oneself. Therefore, in the learning process of the "Finance" course, it is necessary to repeatedly question the relationship between finance and economy, guide students not to forget their original intention of financial development, and firmly adhere to the concept of financial services for the real economy.

3.2 Understanding the Important Role of Finance in Economic Growth

Finance plays an important role in mobilizing savings, reducing investment liquidity risks, improving the quality of investment and resource allocation, supporting enterprise innovation and technological progress, thereby promoting economic growth and supporting high-quality economic development. From the perspective of financial structure, it is necessary to guide students to understand the different roles played by large banks, small and medium-sized commercial banks, and universal commercial banks in serving the real economy and supporting high-quality economic development. It is also necessary to understand the different roles of equity investments such as PE (private equity investment fund) and VC (angel risk investment), as well as various stock market sectors such as the stock market and the Science and Technology Innovation Board.

3.3 Grasping the Relevant Economic Principles of Financial Services for the Real Economy

Understanding the role of finance in the economic system involves the basic principles of economics such as information asymmetry, principal-agent, market structure and externality. Analyzing the differences, connections, strengths, and weaknesses between large and small banks, bond markets and stock markets, and equity investments and stock markets can help students enhance their ability to apply relevant economic theories. For example, analyzing the advantages and disadvantages of market led and bank led models from the perspective of financial structure: on the one hand, if the financial market is not very mature and there are serious issues of information asymmetry, free riding, and blindly following the trend, then the market-oriented model cannot effectively motivate investors to obtain enterprise information and supervise enterprise management; on the other hand, if commercial banks clearly occupy a dominant position in the relationship between banks and enterprises, squeeze out corporate profits, or have problems with internal governance, fail to fully leverage the advantages of information collection and supervision of enterprise operations, or excessively emphasize the principle of prudence, it may weaken the guiding and supporting role of technological innovation and investment for enterprises.

3.4 Understanding the Relevant Theories of Macro Finance

Guiding students to sort out the basic principles and related knowledge of macro finance from the perspective of financial structure can deepen their understanding and understanding of relevant content. For example, from the comparative perspective of direct and indirect financing, market led and bank led models, students can understand the theory of money supply and demand, analyze the role and transmission mechanism of different monetary policy tools, explore the mechanism of inflation, and interpret financial crisis cases.

4. CONCLUSION

The course "Finance" has a wide range of content and involves a wide range of aspects. It regards finance as a system and a subsystem of the entire economic system, providing a teaching clue from the perspective of financial structure. Designing teaching content around this clue helps students build a framework for the course content, strengthen comparative learning of different aspects of the course content, deepen their understanding of the course content, and improve their overall grasp of the course. It can also help students improve their learning position, learn financial related content based on the basic principles of economics, step out of finance and finance, achieve a comprehensive understanding of finance and economics, and strengthen their ability to analyze and solve problems.

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