

Book, Software and Web Site Reviews

The Financial Services and Financial Institutions

J. Kimball Dietrich

Upper Saddle River, NJ: Prentice Hall; 1996

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Reviewed by: James Marchand, Professor of Finance, Westminster College, Salt Lake City, UT

This text represents one of the first texts for a course on financial services industry. This is becoming more frequent in finance and financial service and/or planning majors. There is much good to say about the text. However, like most first editions, there is much room for change and improvement.

Dietrich's text is one of the most comprehensive texts recently published. It evens the width and breadth of depository and nondepository intermediaries using accounting, economics, and descriptive statistics as necessary, along with the modern analytic and conceptual tools of finance. While the book has these virtues, it should not overwhelm most undergraduate students. It is written with a level and style that should make it easily readable for both undergraduates and MBA's.

The level of the content is probably appropriate for 85-90% of typical undergraduates and MBA's. I find the level above the Rose, Kolari, and Frazer (1993) text. However, the level, especially analytically, is below recent entrant texts such as Anthony Saunders' (1997) *Financial Institutions Management*, Gardner and Mills' (1993) *Managing Financial Institutions*, or Kolb and Rodriquez's (1996) *Financial Institutions*. The text also has the more traditional balancing between the older bread and butter financial institutions management topics (asset, liability, liquidity management, regulation, etc.) and the new management techniques including risk measurement and management, derivatives and off balance sheet activities. However, the more modern topics are relegated to the end of the text.

It is also notable that after writing a 777-page text, the author has had the fortitude to write the instructors manual. This manual is well done and should lighten the instructors burden. Its usefulness is indicated by the fact that the question or problem is stated first before giving the answer to end-of-chapter questions and problems. Hence, the instructor does not need to take the text to class. The manual also offers many good suggestions for teaching, class organization, and short projects or homework.

Most of my concerns for improvement center on pedagogy. Terminology is important to understanding most disciplines including finance. Unfortunately, the text does not help the student learn terminology section by section or chapter by chapter. There is no glossary to conclude the text. Like most recent core course texts, each chapter needs to emphasize terminology with a beginning or end-of-chapter listing of important terms, text highlight-

ing, or marginal notes. The end-of-chapter discussion questions and problems help the student review the basic ideas of the chapter. However, most only require that the student regurgitate or paraphrase the text. The text would be better and more widely usable if additional challenging, "thinking" questions were added. In this vein for chapters which teach aspects and application of formal analysis, there should be more problems requiring calculation and describing or thinking about the meaning of the calculations.

Some of the analytic figures should also be improved by adding numerical scales to the axis and coordinate points on the functional lines. Using grids would support these suggested additions. Lastly, multiple colors or shades of black/gray would enhance all of the previously suggested graphical changes.

Finally, there is a concern that arises with many textbooks. Many of the tables of descriptive statistics are dated. As this textbook is long and evolved over a considerable period of time, it is easy to understand how this might occur. However, in this world of modern technology and computer information retrieval, it would seem possible and relatively low cost to have more updated data, in the instructors manual if nothing else.

All in all if you are teaching a financial services course, there is enough good here to give Dietrich's book a try, particularly if you want comprehensiveness and readability. If some of my pedagogical suggestions are adopted for the second edition, you may be on the way to using a classic text. It would not hurt to have it around as a reference book as well.

REFERENCES

- Gardner, M., & Mills, D. (1993). *Managing financial institutions*, 3rd ed. Dallas, TX: Dryden Press.
- Kolb, R., & Rodriguez, R. (1996). *Financial institutions*. Cambridge, MA: Blackwell.
- Rose, P., Kolari, J., & Fraser, D. (1993). *Financial institutions understanding and managing financial services*, 4th ed. Homewood, IL: Irwin.
- Saunders, A. (1997). *Financial institutions management: A modern perspective*, 2nd ed. Chicago, IL: Irwin.

American Risk and Insurance Association (ARIA) Web Site

Reviewed by: J. Tim Query, Department of Risk Management and Insurance, University of Georgia

The American Risk and Insurance Association (ARIA) is the premier professional association of insurance scholars and other thoughtful insurance and risk management professionals. As stated in its home page (<http://www.aria.org>), ARIA emphasizes research relevant to the operational concerns and functions of insurance professionals, and provides resources, information and support on important insurance issues. Goals also include the expansion and improvement of academic instruction to students of risk management and insurance.

Several topics of interest to association members, as well as non-members, are accessible on the home page. For those active in the job market, a listing of positions available is updated frequently, along with the posted resumes of candidates seeking positions. Announcements about ARIA officers and board members, grant programs, and calls for papers are obtainable at this site, as well as information on ARIA's Annual Meeting. The

Annual Meeting information is somewhat dated in that the Program for the 1996 meeting is listed, but no information on the upcoming 1997 meeting had been posted as of mid-April. An on-line application form is available for those interested in becoming a member of the American Risk and Insurance Association.

The web site is especially useful for those conducting research in the areas of risk management and insurance. Information can be accessed on such research periodicals as the *Journal of Risk and Insurance*, *Geneva Papers on Risk and Insurance Theory*, and a new academic journal sponsored by ARIA, entitled *Risk Management and Insurance Review*.

Other research-oriented resources available through ARIA's home page include a Risk and Insurance Working Paper Archive, Risk and Insurance Database Search Engines, and a connection to the home page of the *Risk Theory Society*.

On the teaching side, links to the home pages of leading collegiate risk management and insurance programs are available. An ambitious and very useful work-in-process is the Risk and Insurance Teaching Archive. This offering includes lecture notes, risk management case studies, and other resources available to facilitate the delivery of high quality risk management and insurance-related courses. For example, Dr. Bill Rabel, Senior Vice-President of Education at the Life Office Management Association (LOMA), has prepared, "A Manual on How to Manage an Effective Collegiate Program in Risk Management and Insurance." This paper is available in its entirety and can be downloaded by interested parties. While some of the suggestions in the paper are specific to the area of Risk Management and Insurance, many ideas are germane for other business disciplines as well.

The American Risk and Insurance Association home page also provides links to different risk and insurance webs. These include such insurance industry associations as the Life Insurance Management Association, Society of Actuaries, Insurance Information Institute, and the Chartered Property Casualty Underwriters (CPCU) Society.

This ARIA-sponsored World Wide Web site is provided by InsWeb Corporation. While there is little in the area of graphics, the home page of the American Risk and Insurance Association is a "must" for those seeking information on the academic side of risk management and insurance.

The Mutual Fund Investor's Center™ Web Site

Reviewed by: Douglas R. Kahl, Professor of Finance, The University of Akron

The Mutual Fund Education Alliance, established in 1971, is a national trade association of direct marketed mutual funds. The Alliance sponsors The Mutual Fund Investor's Center (<http://www.mfea.com>) to provide facts and educational information to mutual fund investors. This free site provides a wide range of information and services to mutual fund investors.

The site has information about more than 40 mutual fund companies including major shareholder services, a listing of the company's different funds, and basic company information. There are links to the company's home page for 30 of the companies. Included in the list of covered mutual fund companies are such well known families as The Vanguard Group, The Dreyfus Family of Funds, and Fidelity Investments, as well as many less well known families of funds. Among the more useful information services is a daily prices section, which allows the user access to the daily fund prices on nearly 1000 direct marketed, no-load or low-load mutual funds.

The site also provides educational articles on such useful topics as The Basics of Mutual Fund Investing, Risk vs. Reward, Tax Considerations, and How to Read a Prospectus. The well written and easy to understand articles provide coverage at a basic introductory level. Given the level of the presentation and the relatively short length of the articles, the coverage is both thorough and accurate. A special focus section, "Women and Investing: What Every Woman Needs to Know," is devoted entirely to women's issues. This section includes biographies and commentary by women investment professionals, a woman's investor kit, and investor survey with results of a few recent studies. Only the NewsMakersTM section of the site seemed too overly promotional. While some of the commentaries were interesting, I found this section to be less useful than other parts of the site.

A service called "Fund QuickListTM," provides a system for sorting and identifying funds by such criteria as fund company, sales charges, investment categories, fees and minimum initial investment. As with the daily fund prices, this service covers nearly 1000 direct marketed mutual funds. The menu driven search system is fast, easy to use, and appears to provide accurate screening of the funds.

The site also provides a fairly simplistic test for investor personality and risk tolerance. This is followed by a basic table relating investment objectives to types of funds, fund risk, and expected returns. Finally, a selection of model portfolios is provided. The model portfolios are much less aggressive than I would usually recommend for any of the model situations. However, a conservative bias is probably to be expected from an organization like the Alliance and in such a general format as a web site.

In general, I found this site to be very well done, easy to use, and informative. The site will provide a wealth of basic information for novices in mutual fund investing. In addition, the daily prices and QuickList services would be very useful to most mutual fund investors. The site also contains a useful set of links to the home pages of many of the more popular mutual fund families.