

Money and Banking

FIN-ISS402

Course Description

This course is designed to help students understand the connections between, financial markets, and the macroeconomy. How are interest rates determined, and how does the central banks conduct monetary policy in large economies such as the USA and in relatively smaller open economies such as Australia? What economic factors drive the yield curves in different bond markets? We will pay particular attention to the banking system, with an eye toward understanding the function and importance of banks. Topics will include the role of the central banks as lenders of last resort during the recent, and prior, financial crises, unconventional monetary policy tools such as quantitative easing and forward guidance. We discuss new developments in payment and clearing including cryptocurrencies. We will often begin class with a discussion of current macro-financial market events in the context of our course coverage. The course is appropriate for anyone trying to gain a macroeconomic perspective on capital markets, from investors to bankers, or those simply interested in the linkages between interest rates, banks and the economy.

Required Texts

The Economics of Money, Banking and Financial Markets, 12th Edition by Frederic S. Mishkin
ISBN: 9780134855387

Other reading materials will be provided through your student center

Prerequisites

Principles of Microeconomics and Principles of Macroeconomics

Course Requirements

During the term, there will be one group project (**15%**), one midterm exam (**20%**), one final exam (**30%**), two quizzes (**15%**) and one term paper (**10%**). Class participation and in class assignment account for **10%** of your total grade, so make sure to come to class and participate.

Evaluation and Grading

A	93-100	B-	80-82	D+	67-69
A-	90-92	C+	77-79	D	63-66
B+	87-89	C	73-76	D-	60-62
B	83-86	C-	70-72	F	0-59

Course Hours

The course has 20 class sessions in total. Each class session is 150 minutes in length, for a total of 3000 minutes of in-class time. The University awards 4 credits for this course. Different universities may count course credits differently. Consult officials at your own home institution.

Attendance

Occasionally, due to illness or other unavoidable circumstance, a student may need to miss a class. The University requires a medical certificate to be excused. Any absence may impact on the student's grade. Moreover, **the University's policy is that a student who has more than 3 absences will fail the course. Arriving late or leaving early will count as a partial absence.**

Academic Honesty

The University expects all students to do their own work. Instructors will fail assignments that show evidence of plagiarism or other forms of cheating, and will also report the student's name to the University administration. A student reported to the University for cheating is placed on disciplinary probation; a student reported twice is suspended or expelled.

Disability Accommodation

Any student who needs special accommodation due to the impact of disability should inform the University within 10 days before the program starts.

Tentative Schedule

Part	Weekly Contents	Materials and Assignments
Part 1	<ul style="list-style-type: none"> • Course introduction and overview • Why Study Money, Banking, and Financial Markets? • An Overview of the Financial System • What Is Money? • The Meaning of Interest Rates • The Behavior of Interest Rates • Quiz 1 	Chapter 1-5 In class assignments Group project discussion
Part 2	<ul style="list-style-type: none"> • The Risk and Term Structure of Interest Rates • The stock market, the theory of rational expectations, and the efficient market • An Economic Analysis of Financial Structure • Banking and the Management of Financial Institutions • Economic Analysis of Financial Regulation • Banking Industry: Structure and Competition • Mid term 	Chapter 6-11 In class assignments Group project discussion
Part 3	<ul style="list-style-type: none"> • Recent financial crisis • Case study: 2008 • Central banks • Case study: Canadian Banking Systems • The Money Supply Process • Tools of Monetary Policy • The Conduct of Monetary Policy: Strategy and Tactics • Quiz 2 	Chapter 12-16 In class assignments Group project draft
Part 4	<ul style="list-style-type: none"> • The Foreign Exchange Market • The International Financial System • Quantity Theory, Inflation, and the Demand for Money • The IS Curve • The Monetary Policy and Aggregate Demand Curves 	Chapter 17-21 In class assignments Group project due
Part 5	<ul style="list-style-type: none"> • Aggregate Demand and Supply Analysis • Monetary Policy Theory • The Role of Expectations in Monetary Policy • Transmission Mechanisms of Monetary Policy • Electronic money (Ex:Bitcoin) 	Chapter 22-25 In class assignments Term paper due

- Final Review
 - Final Exam
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