

# 0201E330

## Money and Banking

**Instructor:** TBA

**Time:** Monday through Friday (June 14, 2021-July 16, 2021)

**Office Hours:** 2 hours (according to the teaching schedule)

**Contact Hours:** 60 (50 minutes each)

**Credits:** 4

**Location:** Huiquan Building

**Office:** Huiquan Building 518

**E-mail:** TBA

### Course Description

This course covers monetary policy, banking and bank regulation, and the functioning of financial markets and institutions. We examine the interconnections between these elements in an open world economy where goods and capital move freely across borders. Major attention will be given to banking and financial crises, their origins and resolution, looking both at the US and other countries. We look at financial structure, financial development and financial crises, with special emphasis on the recent subprime crisis. In addition, we will cover the economics of bank management, along with the effects of the behavior of individual financial institutions on the financial system as a whole and on the economy as a whole.

The course will also cover the theory and practice of monetary policy using the Federal Reserve Bank of the US as our main example. We will cover issues of central bank independence, goals of monetary policy, control of the money supply and tools used by central banks, and issues of tactics and strategy. Consideration will also be given to monetary policy in conditions of deep recession and deflation, quantitative easing and unconventional monetary policy instruments in the most recent crisis. Discussion of money demand and the transmission mechanism is also presented while looking at debates on these crucial issues for central banks.

### Required Textbook(s)

Hubbard and O'Brien. *Money, Banking and Financial Systems*, Pearson, 3rd Edition

### Prerequisites

0201E102 and 0201E101, or permission of instructor

### Course Hours

The course has 25 sessions in total. Each class session is 120 minutes in length. The course meets from Monday to Friday.

### Course Schedule

Please note that the schedule is meant to give an overview of the major concepts in this course. Changes may occur in this calendar as needed to aid in the student's development.

| <b>Date</b> | <b>Lesson* (Required Chapter Reading Assignments)</b>                     | <b>Quizzes</b> |
|-------------|---|----------------|
| Day 1       | Syllabus  |                |
| Day 1       | Chapter 1: Introducing Money and the Financial Systems                    | Q1             |
| Day 2       | Chapter 2: Money and the Payments System                                  | Q2             |
| Day 3       | Chapter 3: Interest Rates and Rates of Return                             | Q3             |
| Day 4       | Chapter 4: Determining Interest Rates                                     | Q4             |
| Day 5       | Review - Homeworks, Quizzes, and Exams                                    |                |
| Day 6       | Chapter 5: The Risk Structure and Term Structure of Interest Rates        | Q5             |
| Day 7       | Chapter 5: The Risk Structure and Term Structure of Interest Rates        | Q6             |
| Day 8       | Chapter 6: The Stock Market, Information, and Financial Market Efficiency | Q7             |
| Day 9       | Chapter 8: The Market for Foreign Exchange                                | Q8             |

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|        |   |     |
|--------|---|-----|
| Day 10 | Review - Homeworks, Quizzes, and Exams  |     |
| Day 11 | Review Session for Exam #1 (15-20 Minutes), and Exam #1   |     |
| Day 12 | Chapter 9: Transaction Costs, Asymmetric Information, and the Structure of the Financial System | Q9  |
| Day 13 | Chapter 10: The Economics of Banking  | Q10 |
| Day 14 | Chapter 10: The Economics of Banking  | Q11 |
| Day 15 | Review - Homeworks, Quizzes and Exams   |     |
| Day 16 | Chapter 13: The Federal Reserve and Central Banking   | Q12 |
| Day 17 | Chapter 14: The Federal Reserve's Balance Sheet and the Money Supply Process                    | Q13 |
| Day 18 | Chapter 14: The Federal Reserve's Balance Sheet and the Money Supply Process                    | Q14 |
| Day 19 | Chapter 15: Monetary Policy   | Q15 |
| Day 20 | Review - Homeworks, Quizzes and Exams   |     |
| Day 21 | Chapter 16: The International Financial System and Monetary Policy                              | Q16 |
| Day 22 | Chapter 16: The International Financial System and Monetary Policy (First Hour of Lecture)      |     |
| Day 23 | Review - Homeworks, Quizzes, & Exams (Second Hour of Lecture)                                   |     |
| Day 24 | Review Session for Exam #2 (15-20 Minutes), and Exam #2   |     |
| Day 25 | Questions and Answers (Q & A)   |     |

Note: (\*) Students must read each assigned chapter before the lecture and must participate actively in the classroom discussion.

### **Course Requirements**

1. Attendance will be taken at the beginning of each class.
2. Students are expected to read the required readings prior to the class session in which they are discussed.

3. Class Conduct: Consistent, respectful and informed participation is expected from every student in the course. This includes:
  - \* Respectful discussion that avoids personal history;
  - \* No email or Internet usage during class;
  - \* Cell phones turned off when class begins.
4. I will respond to emails in a timely manner. It is best to make an appointment or speak to me either before or after lecture.
5. It is your responsibility to keep me updated with attendance, email, etc.
6. Please check your email regularly for instructions and readings.

### Course Materials

- Financial Calculator (Please refer to the “calculators” section below)
- Internet access (use of laptop computers/electronics devices is not permitted during class)
- Notebook and pencil (exams must be completed in pencil)
- Calculators: I will use Texas Instruments BA II Plus as my financial calculator and will be teaching with that. You are welcome to use any financial calculator for the class you would like. However, please note that it is your responsibility to learn how to use that calculator if it is different than the one I use. Also, you are NOT allowed to use any graphics calculators, phones, or calculators with advanced memory for the exams or the quizzes. My advice would be to get a finance calculator which you will use in this class as well as finance classes in the future.

### Grading Policy

Your grade will be based on homeworks, quizzes, exams, and attendance.

| Type           | Details           | Percentage |
|----------------|-------------------|------------|
| 2 Exams        | 16% per Exam      | 32%        |
| 16 Quizzes     | 2% per Quiz       | 32%        |
| 16 Assignments | 1% per Assignment | 16%        |
| Attendance     |                   | 20%        |
| Total          |                   | 100%       |

## Grading Scale

The instructor will use the grading system as applied by JNU:

| Definition   | Letter Grade | Score    |
|--------------|--------------|----------|
| Excellent    | A            | 90~100   |
| Good         | B            | 80~89    |
| Satisfactory | C            | 70~79    |
| Poor         | D            | 60~69    |
| Failed       | E            | Below 60 |

## Attendance

Attendance is mandatory in the class. It would be recorded each class and forms part of students' participation record. Students should inform the instructor at the earliest opportunity if they need to ask for a leave. All absences may have negative effect on students' final grades. Any students with more than three unexcused absences will automatically fail the course.

## Academic Integrity

As members of the Jinan University academic community, students are expected to be honest in all of their academic coursework and activities. Academic dishonesty, includes (but is not limited to) cheating on assignments or examinations; plagiarizing, i.e., misrepresenting as one's own work any work done by another; submitting the same paper, or a substantially similar paper, to meet the requirements of more than one course without the approval and consent of the instructors concerned; or sabotaging other students' work within these general definitions. Instructors, however, determine what constitutes academic misconduct in the courses they teach. Students found guilty of academic misconduct in any portion of the academic work face penalties that range from the lowering of their course grade to awarding a grade of E for the entire course.