

# 0201E330

## Money and Banking

**Instructor:** TBA

**Email:** TBA

**Time:** May 8, 2023-June 9, 2023

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

**Contact Hours:** 60

**Credits:** 4

### 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 (Recommended) *The Economics of Money, Banking and Financial Markets*, Frederic Mishkin, (The Pearson Series in Economics), 11th Edition (2015). ISBN-13: 978-0133836790

### Prerequisites

0201E102 and 0201E101, or permission of instructor

### 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.

Week	Topics	HWK	Exams
I	Why Study Money, Banking, and Financial Markets? (CH 1) An Overview of the Financial System (CH 2) What is Money? (CH 3)	HWK 1	
II	The Meaning of Interest Rates (CH 4) The Behavior of Interest Rates (CH 5) The Risk and Term Structure of Interest Rates (CH 6)	HWK 2	Exam 1 (CH 1 to CH 6)
III	An Economic Analysis of Financial Structure (CH 8) Banking and the Management of Financial Institutions (CH 9)	HWK 3	

	Economic Analysis of Financial Regulation (CH 10) Banking Industry: Structure and Competition (CH 11)		
IV	Central Banks and the Federal Reserve System (CH 13) The Money Supply Process (CH 14) Tools of Monetary Policy (CH 15) The Conduct of Monetary Policy: Strategy and Tactics (CH 16)	HWK 4	Exam 2 (CH 8 to CH 16)
V	Quantity Theory, Inflation, and the Demand for Money (CH 19) The IS Curve (CH 20) The Monetary Policy & Aggregate Demand (CH 21)	HWK 5	Final (Cumulative)

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

### **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 semester grade will be based on homework and exams.

Homework:	Five Assignments	5% * 5 = 25%
Mid-term Exams:	Two Exams	20% * 2 = 40%
<u>Final Exam (Comprehensive):</u>	<u>One Final</u>	<u>35%</u>
<b>TOTAL</b>		<b>100%</b>

***Homework:***

There will be FIVE HOMEWORK ASSIGNMENTS during the semester. For each homework assignment, there will be 20 “True” or “False” or “Multiple Choice” questions. I will post each homework assignment on the online learning system. Each assignment accounts for 5% of your semester grade. Therefore, this part accounts for 25% of your semester grade.

***Exams:***

There will be TWO MID-TERM EXAMS in this course. Each midterm exam is worth 20% of your semester grade. Totally, this part accounts for 40% of your semester grade. ONE FINAL EXAM will be scheduled in the end of the semester. The final exam is both cumulative and comprehensive. This part will be worth 35% of your semester grade.

**Grading Scale**

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

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

### **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.