

MONEY AND BANKING
ECON 3200-002, Fall 2015

Class Time: T 6:00 PM — 9:00 PM
Place: OSH 175
Instructor: Dr. Sung-Eun Yu
Office: OSH 368
Office Hours: T 5:00 — 6:00 PM *or* by appointment
Email: yusung74@hotmail.com

Required Text

Frederic S. Mishkin, “*The Economics of Money, Banking and Financial Markets*,” Eleventh Ed. (Addison-Wesley: Reading, Mass. 2015).

Course Objectives

This course is designed for students who want to understand more generally how financial markets and institutions work in the economy. We will cover many current issues in the textbook, while focusing on seeing the forest rather than trees. Furthermore, it will examine how the Federal Reserve, the central bank in the U.S., operates and how monetary policy is conducted.

Econ 3200-002 fulfills Social/Behavioral Science Exploration Requirement.

Prerequisites

Students are expected to take Collage Algebra, Econ 2010, and Econ 2020. If not, they need instructor’s consent to take this course. In particular, material in the course emphasizes graphical methods to illustrate concepts, and it is expected that the students are acquainted with simple two-dimensional graphs.

Course Requirements and Determination of Course Grade

| | |
|------------|-----|
| Midterm | 40% |
| Final Exam | 40% |
| Homework | 10% |
| Attendance | 10% |

Class Attendance

Class attendance is part of making an effort to learn the materials covered in this course, so regular attendance is required and will account for 10% of your final grade. Attendance will be checked at the beginning of every class, at the end of class, or both. Two absences will be allowed without any effects on your grade. However, more than two absences will adversely affect your grade. In addition, if you attend every single class without any absence, your grade would be upgraded one step further. Your grade B+, for example, would be A- when you attend the class perfectly.

Exam Dates

| | | |
|------------|--------------|--------------|
| Midterm | October 13th | In class |
| Final Exam | December 8th | 6:00–7:30 PM |

Exam Format

Midterm and final exams will have about 50 multiple-choice questions. Because this is 3 hours long class, we will go over “Questions” at the end of each chapter during the class. Once we cover each chapter, I will also post the answers for those questions on Canvas. You are required to review them on your own to prepare exams. Many questions at the end of the chapters will appear in the midterm and final exams.

Make-up Policy

Exams must be taken on the scheduled dates except in *extreme cases*. If possible, such cases must be presented to me and discussed with me *before* the exam, and I will then prearrange a satisfactory exam time. Other than prearranged tests in emergency situations, there will be no make-ups on exams. Do not buy a plane ticket or make any other travel plans that conflict with the timing of the exam. “Incompletes” are not generally given for non-medical reason.

Course Outline and Reading Assignment

We will cover the material for this course in the order listed below. This reading list is meant to be a guide, and is subject to change depending on how fast or slow we move through the material. You are required to be familiar with all assigned reading material.

I. INTRODUCTION

Math Preview*

Ch. 1. Why Study Money, Banking and Financial Markets?

Ch. 2. An Overview of the Financial System

Ch. 3. What is Money?

II. FIANCIAL MARKETS

Ch. 4. Understanding Interest Rates

Ch. 5. The Behavior of Interest Rates

III. FINANCIAL INSTITUTIONS

Ch. 9. Banking and Management of Financial Institutions

Ch. 10. Economic Analysis of Financial Regulation

Ch. 11. Banking Industry: Structure and Competition

Ch. 12. Financial Crises**

IV. CENTRAL BANKING AND CONDUCT OF MONETARY POLICY

Ch. 13. Central Banks and the Federal Reserve System

Ch. 15. The Tools of Monetary Policy

Ch. 16. The Conduct of Monetary Policy: Strategy and Tactics

V. INTERNATIONAL FINANCE AND MONETARY POLICY

Ch. 17. The Foreign Exchange Market

* In the math preview, we will look at 1) What a variable is, especially stock and flow variables, 2) How curves shift, 3) Percentage change, and 4) Special sum (infinite geometric series). Don't worry if you don't understand these concepts at first. In the succeeding chapters, we will explore them more specifically. A few concepts are so important that they are used again and again in a variety of different contexts.

** We may or may not cover Ch. 12, depending on how many chapter we cover in the middle of the class.

Schedule

1. 8/25 Class 1
2. 9/1 Class 2
3. 9/8 Class 3
4. 9/15 Class 4
5. 9/22 Class 5
6. 9/29 Class 6
7. 10/6 Class 7
8. 10/13 Fall Break
9. 10/20 **Midterm Exam**
10. 10/27 Class 8
11. 11/3 Class 9
12. 11/10 Class 10
13. 11/17 Class 11
14. 11/24 Class 12
15. 12/1 Class 13
16. 12/8 **Final Exam**

Term Length Classes

| Events | Dates |
|---|-----------------------|
| Classes begin | Monday, August 24 |
| Last day to add without a permission code | Sunday, August 30 |
| Last day to add, drop (delete), elect CR/NC, or audit classes | Friday, September 4 |
| Last day to withdraw from classes | Friday, October 23 |
| Last day to reverse CR/NC option | Friday, December 4 |
| Classes end | Thursday, December 10 |
| Reading day | Friday, December 11 |
| Final exam period | Mon.-Fri., Dec. 14-18 |

Rules of Conduct

1. I appreciate class discussion and individual input. Please be sure that you are being respectful of others when they are talking. Please give me an indication, such as a raised hand or speaking in turn, that you have a comment or question. Do not talk when the instructor or a fellow classmate is talking.
2. Do not read outside materials such as the newspaper or use your cell phone during class time. Before class begins put distracting materials away and turn your cell phone to "silent" or "off."
3. If you come to class, you should expect to stay for the entire class period; i.e. from 6:00 PM to 9:00 PM. This means that you should *not* be getting up to leave in the middle of class. If it is necessary for you to make an early exit, please let me know ahead of time.
4. Plagiarism will not be tolerated in any form; i.e. cheating on exams and the like. Cheating in any form is a violation of the Student Code of the University of Utah and will result in a minimum penalty of a failing grade for that exam or the like.
5. You are always encouraged to visit me during office hours. Please reserve your discussion about individual issues to your private meetings with me.

Appreciate it!