

MONEY AND BANKING

ECON 3381 – 01

Fall 2015

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Office Hours: MW 3:00 p.m. – 6:00 p.m. and by appointment
Lecture Time: MW 1:40 p.m. – 2:55 p.m.
Lecture Venue: BUSA 110

Course Description

This course is designed to provide you with a thorough understanding of the importance of money, banking, and financial markets. Money, financial institutions, and financial markets have emerged as instruments of payments for the services of factors of production. As markets expand and develop on a national and international level, the importance of money, banking, and other financial markets expands to accommodate innumerable exchanges. This course will allow you to understand the origins and nature of money, as well as the institutions and markets that enable the exchange of goods and services. Moreover, it will help you develop an appreciation for important concepts in economics, from interest rates and central banking to stocks, bonds, and foreign exchange.

Prerequisites

ECON 2301 and ECON 2302.

Required Textbook

The Economics of Money, Banking & Financial Markets, Frederic S. Mishkin, 11th Edition. Pearson. ISBN-978-0133836790. (The last two previous editions also work: 10th Edition. Pearson. ISBN-13: 978-0132770248, and 9th Edition. Addison-Wesley. ISBN-13: 978-0321599797)

Tentative Lecture Schedule

Topic	Dates	Material
0	Aug 31 - Sep 2	Microeconomics and Macroeconomics Review
1	Sep 9	Why Study Money, Banking, and Financial Markets?
2	Sep 14	An Overview of the Financial System Assessment Exam. Tuesday, September 15. (Available via Blackboard from 5:00 a.m. - 11:00 p.m.)
3	Sep 16	What is Money?
4	Sep 21	Understanding Interest Rates
5	Sep 23	The Behavior of Interest Rates
6	Sep 28 - 30	The Risk and Term Structure of Interest Rates
Review		Assignment 1. Monday, October 5.

		Exam 1. Wednesday, October 7.
7	Oct 12	The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis
8	Oct 14	An Economic Analysis of Financial Structure
9	Oct 19 – 21	Financial Crises and the Subprime Meltdown
10	Oct 26	Banking and the Management of Financial Institutions
11	Oct 28	Economic Analysis of Financial Institutions
12	Nov 2 - 4	Banking Industry: Structure and Competition
Review		Assignment 2. Monday, November 9.
		Exam 2. Wednesday, November 11.
13	Nov 16 - 18	Central Banks and the Federal Reserve System
14	Nov 23	The Money Supply Process
15	Nov 25	The Tools of Monetary Policy
16	Nov 30 - Dec 2	The Conduct of Monetary Policy: Strategy and Tactics
17	Dec 7	The Foreign Exchange Market
Review		Assignment 3. Wednesday, December 9.
		Exam 3. Monday, December 14. (1:15 p.m. - 3:00 p.m.)

Grading Structure

There will be three non-cumulative exams and three assignments. Your grade in the class will be determined by the following weights:

	<i>Each</i>	<i>Total</i>
3 Exams	24%	72%
3 Assignments	6%	18%
1 Assessment Exam	10%	10%
		<u>100%</u>

No additional credit will be given. The cutoffs for the A-F grading system are given by:

90.00% – 105.0%	→	A
80.00% – 89.99%	→	B
70.00% – 79.99%	→	C
60.00% – 69.99%	→	D
Less than 60.00%	→	F

Assessment Exam

You must complete an assessment exam. This assessment exam covers basic concepts taught in Principles of Macroeconomics and Microeconomics. The exam will only be available on Blackboard on Tuesday September 15. You will have an 18-hour window to begin and complete the exam. The exam window begins at 5 a.m. and closes at 11 p.m. Once you begin the exam you must complete the exam in one sit. You will not be able to save and return to exam at a later time. Once you start the exam you will have 1 hour (or until 11 p.m. whichever comes first) to answer all 30 multiple-choice questions. The exam is worth 10 percent of your overall grade.

Exams

No notes, books, coats, backpacks, etc. are to be at your desk during the examinations. You can bring a basic calculator, but you may not need it. You must have a valid University excuse in order to take a make-up exam. You need to schedule your make-up exam at the time you first know that you will not be taking the exam.

Assignments

The three homework assignments during the semester. Late assignments will never be accepted without a valid University excuse. I encourage you to work in groups, but assignments must be submitted individually. If you need help, do not hesitate to ask me during my office hours. You should view the assignments as part of your preparation for the exams.

Tips to Succeed in this Class

- 1) First of all, you should attend class. The organization of the lectures will follow the first suggested textbook, so reading it *before* class will make the material easier to understand. After classes you should read your notes and the book again. If anything is unclear, you should read the book again. Don't wait until last minute and leave time to get help if needed.
- 2) I encourage you to come to my office hours if you have question about the material. If you cannot make it to the office hours send me an e-mail with your schedule availability.
- 3) All the class material will be posted in the class website. You are encouraged to visit the website frequently as I will post there the assignments, solutions to the assignments, and solutions to the exams.

Important University Dates

Monday, August 31. First day of classes.
Monday, September 7. Labor Day Holiday (no classes).
Wednesday, September 16. Census day.
Wednesday, November 18. Drop/Withdrawal deadline.
Thursday, November 26 - Friday, Nov 27. Thanksgiving Holiday (no classes).
Thursday, December 10. Study Day (no classes or exams).
Friday, December 11 - Thursday, December 17. Final examinations.

Learning Goals

Learning Goals	College learning objectives:	Covered in:
Critical thinking and problem-solving	<input checked="" type="checkbox"/>	Topics 4, 5
An appreciate for the role of business in a free enterprise economy	<input checked="" type="checkbox"/>	Topics 2 - 5, 12
Basic quantitative and analytical skills	<input checked="" type="checkbox"/>	Topics 4, 5
Global awareness	<input checked="" type="checkbox"/>	Topic 7
Ethical decision-making	<input checked="" type="checkbox"/>	Topics 9 and 10
Functional areas of business (e.g., finance, marketing, accounting)	<input checked="" type="checkbox"/>	Topics 1 - 17

Mandatory Course Evaluation

Students are required to complete an ONLINE evaluation of this course, accessed through your UTRGV account (<http://my.utrgv.edu>); you will be contacted through email with further instructions. Online evaluations will be available Nov. 18 – Dec. 9, 2015. Students who complete their evaluations will have priority access to their grades.

Available Assistance

If you have a documented disability (physical, psychological, learning, or other disability which affects your academic performance) and would like to receive academic accommodations, please inform your instructor and contact Student Accessibility Services to schedule an appointment to initiate services. It is recommended that you schedule an appointment with Student Accessibility Services before classes start. However, accommodations can be provided at any time. Brownsville Campus: Student Accessibility Services is located in Cortez Hall Room 129 and can be contacted by phone at (956) 882-7374 (Voice) or via email at accessibility@utrgv.edu. Edinburg Campus: Student Accessibility Services is located in 108 University Center and can be contacted by phone at (956) 665-7005 (Voice), (956) 665-3840 (Fax), or via email at accessibility@utrgv.edu.

Academic Integrity

As members of a community dedicated to Honesty, Integrity and Respect, students are reminded that those who engage in scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and expulsion from the University. Scholastic dishonesty includes but is not limited to: cheating, plagiarism, and collusion; submission for credit of any work or materials that are attributable in whole or in part to another person; taking an examination for another person; any act designed to give unfair advantage to a student; or the attempt to commit such acts. Since scholastic dishonesty harms the individual, all students and the integrity of the University, policies on scholastic dishonesty will be strictly enforced (Board of Regents Rules and Regulations and UTRGV Academic Integrity Guidelines). All scholastic dishonesty incidents will be reported to the Dean of Students.

Sexual Harassment, Discrimination, and Violence

In accordance with UT System regulations, your instructor is a “responsible employee” for reporting purposes under Title IX regulations and so must report any instance, occurring during a student’s time in college, of sexual assault, stalking, dating violence, domestic violence, or sexual harassment about which she/he becomes aware during this course through writing, discussion, or personal disclosure. More information can be found at www.utrgv.edu/equity, including confidential resources available on campus. The faculty and staff of UTRGV actively strive to provide a learning, working, and living environment that promotes personal integrity, civility, and mutual respect in an environment free from sexual misconduct and discrimination.