

**DEREE COLLEGE SYLLABUS FOR: AF 3240 MONEY AND BANKING**

(Same as EC 3240)  
(Updated Fall 2021)

**UK LEVEL: 5**  
**UK CREDITS: 15**  
**US CREDITS: 3/0/3**

**PREREQUISITES:** EC 1000 Principles of Microeconomics  
EC 1101 Principles of Macroeconomics

**CATALOG DESCRIPTION:** The nature and role of money. Scope and functioning of the finance system. Financial markets and interest rates. Financial institutions, bank management, and regulation. The money supply process and monetary policy.

**RATIONALE:** Money and Banking is a cornerstone of the macro economy and the foundation for the study of financial markets. This course furthers the student's knowledge of the role of money in the economy, the concept of the present value and interest rate determination, as well as the conduct of monetary policy. It provides a comprehensive description of the functioning of modern money and capital markets in a national and international context. It also offers insight into the management, performance and supervision of financial intermediaries.

**LEARNING OUTCOMES:** As a result of taking this course, the student should be able to:

1. Demonstrate knowledge and understanding of the nature and role of money and the interest rate.
2. Analyse the role of banks in the economy, evaluate their performance and justify their regulation.
3. Demonstrate knowledge and understanding of central banking and evaluate the conduct of monetary policy.

**METHOD OF TEACHING AND LEARNING:** In congruence with the learning and teaching strategy of the college, the following tools are used:

- Classes consist of lectures, class discussions, video presentations, and problem-solving sessions.
- Office Hours: Students are encouraged to make full use of the office hours of their instructor, where they can ask questions and go over lecture material.
- Use of Blackboard where instructors post lecture notes, assignment instructions, timely announcements, as well as additional resources.

<b>ASSESSMENT:</b>	<b>Summative:</b>	
	1 <sup>st</sup> assessment: In-class written examination (One-hour, closed book, problems/essays/multiple choice/true-false combination)	<b>40%</b>
	Final assessment: In-class written examination (Two-hour, closed book, comprehensive, problems/essays/multiple choice/true-false combination)	<b>60%</b>
	<b>Formative:</b>	
	Diagnostic tests	<b>0%</b>

	<p>The formative assessment aims to prepare students for the summative examinations and ensures that students are actively engaged during the term.</p> <p>The 1<sup>st</sup> assessment tests Learning Outcome 1. The final assessment tests Learning Outcomes 1, 2, 3 with emphasis on 2 and 3.</p> <p>The final grade for this module will be determined by averaging all summative assessment grades, based on the predetermined weights for each assessment. If students pass the comprehensive assessment that tests all Learning Outcomes for this module and the average grade for the module is 40 or higher, students are not required to resit any failed assessments.</p>
<p><b>INDICATIVE READING:</b></p>	<p><b>REQUIRED READING:</b></p> <p>Mishkin, F. The Economics of Money, Banking and Financial Markets, Pearson, latest edition.</p> <p>Journal articles, accessible through the Library, as assigned by the instructor.</p> <p><b>RECOMMENDED READING:</b></p> <p>Admati, A. and Hellwig, M. (2013) The Bankers' New Clothes: What's Wrong with Banking and What to Do about It, Princeton University Press</p> <p>Allen, F. and D. Gale (2007), Understanding financial crises, New York: Oxford University Press, especially: Chapter 2: Time, Uncertainty and Liquidity, and Chapter 3: Intermediation and crises</p> <p>Cecchetti, S., Money, Banking &amp; Financial Markets, McGraw-Hill, latest edition</p> <p>Chadha, J. S. and S. Holly (2012), Interest rates, prices and liquidity, Cambridge: Cambridge University Press, especially: Chapter 1 by J. S. Chadha and S. Holly: New instruments of monetary policy; Chapter 4 by J.</p> <p>Driffill and M. Miller: Handling liquidity shocks: QE and Tobin's q, and Chapter 9 by S. Dale: QE – one year on Kidwell, D.S., D.W. Blackwell, D.A.</p> <p>Greenfield, R. L. Monetary Policy and the Depressed Economy, in Critical Review, Vol. 21, Special Issue on Causes of the Financial Crisis</p> <p>Gup, B.E. &amp; Kolari, J.W., Commercial Banking: The Management of Risk, Wiley Company, latest edition.</p> <p>Howells, P.G.A. and K. Bain; "The Economics of Money, Banking and Finance: a European Text"; (2008); Pearson.</p>

	<p>Romer, D (2006) "Short Run Fluctuations". Text available at <a href="http://eml.berkeley.edu/~dromer/papers/text2006.pdf">http://eml.berkeley.edu/~dromer/papers/text2006.pdf</a> and graphs are provided at <a href="http://elsa.berkeley.edu/~dromer/papers/Figures_for_Web_1-2-06.pdf">http://elsa.berkeley.edu/~dromer/papers/Figures_for_Web_1-2-06.pdf</a></p> <p>Rose P. and Hudgins S., Bank Management and Financial Services, McGraw-Hill Education, latest edition.</p> <p>Whildbee and R.L Peterson (2008). Financial Institutions, Markets, and Money (10th Edition), John Wiley &amp; Sons</p> <p>White, L. The Theory of Monetary Institutions, Blackwell, latest edition</p> <p>Journal articles as instructed</p> <p>Financial Times (daily)</p> <p>Wall Street Journal (daily)</p> <p>The Economist (weekly)</p> <p>Newsweek (weekly)</p> <p>Federal Reserve Bank Quarterly Reports (quarterly)</p> <p>The Banker (monthly)</p>
<p><b>INDICATIVE MATERIAL:</b> <i>(e.g. audiovisual, digital material, etc.)</i></p>	<p><b>REQUIRED MATERIAL:</b> N/A</p> <p><b>RECOMMENDED MATERIAL:</b> N/A</p>
<p><b>COMMUNICATION REQUIREMENTS:</b></p>	<p>Use of appropriate academic conventions as applicable in oral and written communication.</p>
<p><b>SOFTWARE REQUIREMENTS:</b></p>	<p>Word, Excel</p>
<p><b>WWW RESOURCES:</b></p>	<p>Federal Reserve Bank Economic Data (FRED): <a href="http://wueconb.wustl.edu/EconFaq/EconFaq.html">http://wueconb.wustl.edu/EconFaq/EconFaq.html</a></p> <p>Organization for Economic Cooperation and Development: <a href="http://www.oecd.org">http://www.oecd.org</a></p> <p>International Central Banking Resource Center: <a href="http://patriot.net/~bernkopf/">http://patriot.net/~bernkopf/</a></p> <p>The World Bank (includes World Development Report): <a href="http://www.worldbank.org">http://www.worldbank.org</a> <a href="http://www.bloomberg.com">http://www.bloomberg.com</a> <a href="http://www.reuters.com">http://www.reuters.com</a> <a href="http://www.economist.com">http://www.economist.com</a> <a href="http://www.ft.com">http://www.ft.com</a> <a href="http://www.ecb.europa.eu">www.ecb.europa.eu</a></p>

<b>INDICATIVE CONTENT:</b>	<ol style="list-style-type: none"><li>1. Money</li><li>2. Interest rates: present value and interest rate determination</li><li>4. Direct and indirect finance</li><li>5. Banking: performance and management of financial institutions</li><li>6. Financial regulation</li><li>7. Financial crises</li><li>8. Central banking and the conduct of monetary policy</li><li>9. Objectives and tools of monetary policy</li></ol>
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