



中央民族大学
MINZU UNIVERSITY OF CHINA

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Minzu University of China
ECON 330 Money and Banking
Summer 2020

Basic Information

Class hours: Monday through Thursday, 2 hours each day
Discussion: Friday, 1 hour (60 minutes)
Review Section: Saturday, 1 hour (60 minutes)
Office Hour: 2 hours (According to professors' teaching plan)
Field trip: According to professors' teaching plan
Credit: 4
Total contact hours: 60 (50 minutes each)
Instructor: Qi Hao

Course Description

This course covers a variety of topics on money theory and banking system. Students will gain understanding about how the financial system operates, how money is created, where the value of money come from, how central banks use the monetary policy to keep economy and inflation under control, how credit is created via the private banking system. Students will learn the key concepts of the classification of different types of money, interest rate determination and its influence on economy and consumption. We will also study the accounting of central banks and private banks and discuss their difference. Some effort will be given to the risk management of private banks toward the end of this course. If time permits, we will also touch on derivatives and international banking and monetary system since financial engineering and globalization have increasingly become more important and relevant to the traditional banking activities. After this taking this course, students are expected to gain solid knowledge about money theory, how banking system works, and some useful skills in banking practices and risk management.

Course Outcomes

Successful completion of the course will allow students to

1. understand the structure of financial markets and institutions;
2. understand the main differences between central banks and private banks;
3. understand how money is injected into the economy and meaning of money;
4. understand the functions of the Federal Reserve System and its monetary policies;
5. understand the structure interest rates, and the interactions between monetary and fiscal policies;
6. understand the banking industry's structure, competition, and risk management;
7. be able to analyze banking regulations and their implications (e.g., Basel Accord)
8. understand the basics of the global financial system;

Textbook

Recommended Course Text:

The Economics of Money and Financial Markets, 12th Edition, 2018, Pearson Education, by Frederic S. Mishkin. Earlier editions can be used.

Or *Financial Markets and Institutions*, 12th Edition, 2017, South-Western Cengage Learning, by Jeff Madura

Other References

Remarks: substantial lecture notes will be provided electronically. E-book version and earlier editions of the textbook may be used (16th or later).



Suggested Additional Online Readings

- (1) *The Wall Street Journal*
- (2) *Yahoo Finance*

Course Schedule

Topics and Course Schedule:

- Overview Financial Markets, Institutions and Other Participants
- Determination of Interest Rates
- Structure of Interest Rates
- Functions of the Federal Reserve System
- Monetary Theory and Policy
- Conduct of Monetary Policy, Money Measures_ Goals and Targets
- Banking and the Management of Financial Institutions
- Banking Industry's Structure and Competition
- Analysis of Banking Regulation
- Special Topic: International Money and Banking

Week	Class	Topic	Contents
1	1	A	Overview Financial Markets, Institutions and Other Participants
	2	A, B	Overview; Determination of Interest Rates
	3	B	Determination of Interest Rates
	4	B, C	Structure of Interest Rates; Structure of Interest Rates
2	1	C	Structure of Interest Rates
	2	D	Functions of the Federal Reserve System
	3	D	Functions of the Federal Reserve System
	4	D, E	Functions of the Federal Reserve System ; Monetary Theory and Policy
3	1	E	Monetary Theory and Policy
	2	E	Monetary Theory and Policy
	3	E, review	Wrap up what is left from Topic E; review previous chapters; answer questions and help students prepare for the midterm exam
	4	Midterm	Take the midterm exam in class
4	1	Explain exam, F	Go over the midterm exam and explain the answers; start Topic F: Conduct of Monetary Policy, Money Measures_ Goals and Targets
	2	F	Conduct of Monetary Policy, Money Measures_ Goals and Targets
	3	F, G	Wrap up Topic F; start Topic G: Banking and the Management of Financial Institutions
	4	G, H	Banking Industry's Structure and Competition; Banking and the Management of Financial Institutions
	1	H	Banking Industry's Structure and Competition
	2	I, J	Analysis of Banking Regulation; Special Topic: International Money and Banking



5	3	J, review	Wrap up Topic J: Special Topic: International Money and Banking; review the entire course to help the students prepare for the final exam
	4	Final exam	Take the final exam in class
Students can seek extra help during the instructor’s office hours, and interaction sessions offered on Fridays.			

Grading

Attendance	10%
Quizzes and homework	20%
Midterm and Final Exams	70%
Total	100%

Attendance & Classroom Contribution

Please bring devices at your choice to take notes if you cannot print out my distributed lecture notes. The use of smart phones is prohibited in class. Students should attend every class. Missing 3 or more classes will make your learning extremely difficult. Quizzes are not announced in advance and no make-up will be offered if you miss a quiz or exam. Not taking an exam will result in an F as the final course grade.

Homework

There will be assigned homework problems for most of the chapters. I will randomly collect some of your homework and there will be no extension of the deadlines.

Exams

We will have two major exams – the midterm exam and final exam. The final exam will be cumulative, i.e., covering all the material covered in class. However, roughly 80% will be dedicated to the topics post the midterm exam.

Academic Integrity

Academic integrity is unconditionally upheld in this course. Homework assignments, quizzes and exams are to be completed independently. However, active discussion and team spirit are encouraged in appropriate context, for example, before and after you complete an assignment, in preparation of the quizzes and exams, reviewing a topic or studying it in advance, etc. Cheating and plagiarism in any fashion are absolutely unacceptable. Upon verification, violators will lose points commensurate with the violation up to failing the course.

Grading Standard: adopted by the International Summer Session of Minzu University of China is as follows:

- A+ 97-100; A 94-96; A- 90-93;
- B+ 87-89; B 84-86; B- 80-83;
- C+ 77-79; C 74-76; C- 70-73;
- D+ 67-69; D 64-66; D- 60-63; F < 60