

Montclair State University
Department of Economics

Course: Money and Banking: Econ 301

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Course Description

Money and Banking introduced students to financial world and provide basic guidelines for applying economic theory to financial decisions that are made nearly every day. It will further enhance students' knowledge to put theory into practice and provide real-world examples of the ideas from relevant public policy debates to help develop an understanding of the daily financial news.

Prerequisites: ECON 208 or Department Authorization

Co requisite: FINC 300 for all Business majors

Course Outcomes

By the end of this course you should be able to:

- Analyze Financial Instruments, Financial Markets, and Financial Institutions
- Calculate Future Value, Present Value, and Interest Rates
- Explain the Structure of Central Banks: The Federal Reserve and the European Central Bank
- Apply Monetary Policy and Explain the Role of FRB in Financial Stability
- Explain Exchange-Rate Policy and the Central Bank
- Outline Financial System Regulations
- Analyze Modern Monetary Economics

Additional objectives:

- **Critical Thinking:** Conceptual skill is the ability to think in abstract terms. Conceptual skill allows the students to see the "larger picture" and understand the various segments of the economy collectively. Further, students will employ their thinking and creative abilities in initially answering on their own, the questions at the end of chapters of the text book.
- **Technology:** Utilize the latest technology to improve productivity. In today's increasingly computerized work environment, it is critical to keep up with fast growing technology and be computer literate and utilize vast sources of information and research materials that are available on Internet.
- **Communications Skills:** The in-class responses to both questions and cases will enhance their abilities to verbally articulate their positions on issues.
- **Self-development and Teamwork:** Students will develop a willingness to independently initiate and execute projects; will display the temperament to listen to, as well as work with others as useful members of a team; and will in general engage in those activities that lead to a self-sustaining path to personal growth.

Textbook

Money, Banking and Financial Markets 5th Edition
Stephen Cecchetti and Kermit Schoenholtz

Sources of Additional Readings

Popular Newspapers:

Wall Street Journal, New York Times, Financial Times, Washington Post, The Economist, Business Week

Federal Reserve Journals:

Federal Reserve Bulletin, Federal Reserve Bank of Atlanta Economic Review, Federal Reserve Bank of Chicago Economic Perspectives, Federal Reserve Bank of New York Quarterly, Federal Reserve Bank of Richmond Economic Studies, Federal Reserve Bank of St. Louis Review

Journals related to Money and Banking:

Global Finance Journal, Journal of Banking and Finance, Journal of International Money and Finance, Journal of Monetary Economics, Journal of Money, Credit and Banking,

Other Useful Links:

Bureau of Economic Analysis

Bureau of Labor Statistics

Census Bureau

RFE: Resources for Economists on the Internet

National Bureau of Economic Research (NBER)

Grading

Quizzes	50%
Individual Paper	20%
Group Presentation	20%
Attendance/Participation	10%

100-94	A	75.99-74	C
93.99-90	A-	73.99-70	C-
89.99-86	B+	69.99-66	D+
85.99-84	B	65.99-64	D
83.99-80	B-	63.99-60	D-
79.99-76	C+	59 <	F

Grades	Undergraduate
A, A-	Excellent
B+, B, B-	Good
C+, C, C-	Satisfactory
D+, D	Minimally Passing
F	Failing
In	Incomplete*

Under any circumstances extra credit work is not allowed

Course Project (presentation and paper)

Course project consists of the following four features:

- (i) team-work (in the groups of 2 to 3 students),
- (ii) understanding a relevant topic which is new (must be approved by me),

- (iii) presenting it to the rest of the class using PowerPoint, and finally
- (iv) Individually writing a report APA style on that topic (**only your section of presentation**) explaining its relevance in the real world (must be submitted as Word document via Canvas).
Group presentation 20% and individually written paper 20% of the course grade.

Attendance and participation is formally part of the course grade. It is, nevertheless, almost impossible to do well in this course without attending regularly. Unexcused absence from three or more classes will lead to reduction in one-point letter grade, for example, B+ will be reduced to B. 3 late arrivals will constitute an unexcused absent from class for a whole period. Quizzes are **not** timed but must be taken in Canvas before the **due dates**, late submissions are not allowed and results in grade zero. Student are expected to have reviewed the assigned chapters and the end of the chapters questions ahead of time.

Code of Conduct

Appropriate classroom decorum, attention, and participation are expected of each and every student. I expect students to practice proper classroom etiquette no sleeping, no cell phones, etc. I reserve the right to assign a final-average grading penalty for behavior (such as **texting**) that disrupts teaching and learning. **Laptops, cell phones or other electronic devices are not allowed during class hours.**

Honesty and integrity are necessary to the academic and professional functions of business. Acts of dishonesty undermine the foundation of the academic environment. Improper academic conduct on the part of students shall be interpreted to mean the obtaining and using of information during an examination by means other than those permitted by the instructor, including the supplying of such information to other students. All forms of academic dishonesty, including cheating, and plagiarism, are subject to disciplinary action according to the Montclair State University student guide, minimum will result in grade zero for that assignment.

Course Outline

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- Chapter 1 An Introduction to Money and the Financial System
- Chapter 2 Money and the Payments System
- Chapter 3 Financial Instruments, Financial Markets, and Financial Institutions
- Chapter 4 Future Value, Present Value, and Interest Rates
- Chapter 5 Understanding Risk
- Chapter 6 Bonds, Bond Prices, and the Determination of Interest Rates
- Chapter 7 The Risk and Term Structure of Interest Rates
- Chapter 8 Stocks, Stock Markets, and Market Efficiency
- Chapter 10 Foreign Exchange
- Chapter 11 The Economics of Financial Intermediation
- Chapter 12 Depository Institutions: Banks and Bank Management
- Chapter 13 Financial Industry Structure
- Chapter 14 Regulating the Financial System
- Chapter 15 Central Banks in the World Today
- Chapter 16 The Structure of Central Banks: The Federal Reserve and the European Central Bank
- Chapter 17 The Central Bank Balance Sheet and the Money Supply Process
- Chapter 18 Monetary Policy: Stabilizing the Domestic Economy
- Chapter 19 Exchange Rate Policy and the Central Bank
- Chapter 23 Modern Monetary Policy and the Challenges Facing Central Bankers

The above chapter assignments are tentative any changes will be announced in the class.

Suggested Class Presentation topics. Additional topics will be posted in a separate publication

- 1- FOMC Communications related to Policy Normalization
- 2- How Do the Fed's MBS Holdings Affect the Economy? How Do the Fed's MBS Purchases Affect Credit Allocation?
- 3- Do Import Tariffs Help Reduce Trade Deficits?
- 4- Supervising Large, Complex Financial Institutions: What Do Supervisors Do?
- 5- Financial markets and shadow banks