

**Money and Banking**  
**COURSE SYLLABUS**  
**SPRING 2014**

**Instructor:** Ken Hung, Ph. D.  
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**Office Hours:** Tuesday, Friday 10:30 – 12:00 pm

**Course:**

Scheduled Meeting Times

Type	Time	Days	Where	Date Range
Class	1:30pm-3:20pm	TF	PHBS 231 New Building Main Campus HSBC Business School, Peking University	Feb18,2014-Apr18,2014

Lecture Schedule Type

Face-to-Face - 1 Instructional Method

3.000 Credits

**Prerequisites:** Economics courses or Corporate Finance courses

**Description:**

An introductory examination of monetary and banking systems. The material to be covered includes: functions of money and evolution of the payment systems, financial markets, understanding interest rates, the role of the Federal Reserve System, bank supervision, the international financial system, money supply and demand, the transmission mechanisms of the monetary policy, and the relations between money and inflation.

**Objectives:**

The course's main objective is for students to be able to understand and intelligently discuss important issues in banking, in particular, the role of the banking system in monetary policy.

**Learning Outcomes/Objectives:**

1. Students will understand the functioning of the financial system in the US.
2. Student will be able to explain the causes and effects of a financial crisis, in particular, the recent subprime meltdown.
3. Students will be able to discuss the main financial institutions and instruments.
4. Students will be able to discuss the role of the banking system in monetary policy.

**Text and Other Readings:**

Mishkin, Frederic S., *The Economics of Money, Banking, and Financial Markets*. 10<sup>th</sup> Edition, Addison-Wesley Prentice Hall 2012.

*The Economist*.

The *Wall Street Journal*.

Articles and cases.

### **Course Policies:**

#### **Attendance:**

It is the students' responsibility to attend class and obtain assignments, lectures, notes, etc., for the days missed. Failure to attend class regularly will seriously affect the student's ability to comprehend the material.

#### **Class Procedure:**

The instructor will lecture about theoretical and practical topics. Lectures will include material not covered in the text. Students will participate in the class by discussing theoretical topics, solving practical problems in and out the class, writing reports about financial events, and working in groups.

#### **Financial Calculator:**

You *must* have a financial calculator in order to solve the arithmetic, financial, and/or statistical calculations presented in your exams and homework. The TI BA 35 and the HP 10B are very good choices.

#### **Examinations:**

All exams will be announced before the exam is given and are tentatively scheduled in the attached course outline. Exams will include essay questions and problems. If your schedule requires that you be absent on one of those days, you must notify the instructor in advance. Failure to provide **both** prior notification and the applicable activity excuses will result in a grade of zero on that exam. Make-up exams will **not** be given. If you miss an exam with a valid excuse, you will be required to take a comprehensive final exam. This comprehensive final exam will cover material from the entire semester. Students must provide documentation to justify why the exam was missed. A note saying that you visit a doctor the day of the exam is not sufficient. Excuses will be granted only in the event of a serious illness or accident, or due to a significant personal or professional commitment.

#### **Evaluation:**

The course grade will be based on three examinations. The percentage of each section is the following: Attendance, 10%, Exam 1, 25%; Exam 2, 25%; Final Exam 40%. The final grade will be determined as follow: *A* from 90 % to 100 %, *B* from 80 % to 89.99 %, *C* from 70 % to 79.99 %, *D* from 60 % to 69.99 %, *F* below 60 %.

**Note:** Nobody will have the opportunity to do extra work, such as additional exams, extra assignments, etc., to improve a grade.

#### **Plagiarism:**

Should a faculty member discover that a student has committed plagiarism, the student will receive a grade of "F" in that course and the matter will be referred to the Executive Director of Student Life for possible disciplinary action.

**Copyright:**

The Copyright Act of 1976 grants copyright owners the exclusive right to reproduce their work and distribute copies of their work. Works that receive copyright protection include published works such as a textbook. Copying a textbook without permission from the owner of the copyright may constitute copyright infringement. Civil penalties include damages up to US\$100,000; criminal penalties include a fine of up to US\$250,000 and imprisonment.

**Accommodations:**

The university is composed of a diverse student body who have a number of different religious beliefs. Reasonable accommodations will be made to allow students to practice their beliefs. It is the responsibility of the student to inform the instructor in advance when there is a conflict between scheduled classroom activities (examinations, quizzes, etc.) and religious holidays.

Students diagnosed with ADA recognized problems should contact Dr. Yolanda Garcia, Director of Counseling (CH 31A @ 326-2230). Students who have not been diagnosed with an ADA condition but feel they might be eligible for assistance under the provisions of ADA are encouraged to contact Dr. Garcia.

**Following videos will be shown and discussed alongside the lectures.**

**Course Outline and Schedule:**

**The course is divided into five parts:**

- 1. Introduction: Chs. 1, 2, 3.**
- 2. Financial Markets: Chs. 4, 5.**
- 3. Financial Institutions: Chs. 10, 11, 12.**
- 4. Central Banking and the Conduct of Monetary Policy: Chs. 13, 15, 16.**
- 5. Monetary Theory: Chs. 22, 23.**

<u>Dates</u>	<u>Chapter</u>	<u>Title/Subject</u>
February 18	Ch 1	Money and Banking
February 21	Ch 2	Financial System
February 25	Ch 3	Money
February 28	Ch 4	Interest Rates (I)
March 4	Ch 5	Interest Rates (II)
<b>March 7 Tuesday</b>	<b>Exam 1</b>	<b>Chapters 1 – 5</b>

March 11 March 14 March 18 March 21 March 25 March 28  <b>A p r i l 1</b>	Ch 10 Ch 11 Ch 12 Ch 13 Ch 15 CH 16  <b>Exam 2</b>	F i n a n c i a l I n s t i t u t i o n F i n a n c i a l R e g u l a t i o n B a n k i n g I n d u s t r y C e n t r a l B a n k M o n e t a r y P o l i c y S t r a t e g y a n d T a c t i c s  <b>Chapters 10 - 16</b>
A p r 4 / 8  A p r 11 / 15	Ch 22  Ch 23	D e m a n d a n d S u p p l y  M o n e t a r y T h e o r y
<b>April 18 Friday</b>	<u><b>Final Exam</b></u>	<b>A l l C h a p t e r s</b>