

ECON:3200 Money, Banking & Financial Markets
Tippie College of Business
University of Iowa
Summer 2014 CIMBA

Professor: Dr. Anand Desai
Office Hours: TBD

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This course covers the functioning of the money, banking, and financial systems and their interrelationship with the rest of the economy. Attention is given to the role of the Federal Reserve System as it affects the economy through monetary policy.

Course Objectives

After completing this course, you will be able to

1. Understand the role of money in the economic system.
2. Understand the role of the central bank and other financial institutions.
3. Learn the basic concepts of financial institution management.
4. Understand the functioning of financial markets in both domestic and international settings.
5. Be able to objectively evaluate the impact monetary policy actions on the economy.

Textbook

“The Economics of Money, Banking, and Financial Markets” by Frederic S. Mishkin, 10th Edition, Pearson.

Attendance Policy

Attendance at all classes and CIMBA sanctioned activities is MANDATORY. All unexcused absences will have the following consequences:

- a. First absence will result in a loss of ½ of a letter grade for the course (e.g. B+ to B-, B to C+)
- b. Second absence (cumulative) will result in a loss of a full letter grade for the course (e.g. B+ to C+)
- c. Third absence (cumulative) will result in a dismissal from the program.

Absences due to illness require a note from the CIMBA Undergraduate Office Staff and/or the Istituto Filippin medical staff. If a student is sick and cannot attend class, he/she must inform the CIMBA Staff immediately. Failure to do so will result in an unexcused absence.

Examinations and Grades

The Pre-class assignment is worth 10% of your course grade. There are two mid-term examinations, each worth 25% percent of your grade. The cumulative final exam is worth 40% of your grade. Each exam will be comprised of essay/problem solving questions;

there are no multiple-choice questions on the exams. You are expected to bring a calculator to the exams – calculator apps in your cell phones or other mobile devices are not allowed.

Final Exam Period: The CIMBA program will announce when the final exam is for this course. I will be giving the final exam at that time.

Recommended Grade Distribution: Course grades will be approximately distributed according to the recommended guidelines of the Economics Department at the University of Iowa. Your performance in this class will be determined by your total performance on all three exams. I will use the following scale to determine grades:

A+ = 97 – 100; A = 93 – 97; A- = 90 – 93; B+ = 87 – 90; B = 83 – 87; B- = 80 – 83; C+ = 77–80; C = 73–77; C- = 70–73; D+ = 67–70; D = 63–67; D- = 60–63; F = 0– 60.

Policies

Open Door Policy: Please feel free to set up an appointment if you have questions, or just would like to talk.

Academic Misconduct: Any type of academic misconduct will result in an F for the course grade. All incidents of cheating will be reported to the Associate Dean of the Tippie College of Business and the student may be placed on disciplinary probation for the remainder of his or her undergraduate work at the University of Iowa. In general, the decision of the Professor may be appealed to the College of Business' Judicial Board, then to the Associate Dean for the Undergraduate Program. The Honor Code for the Tippie College of Business will determine the appropriate appeal process. By enrolling in this course, you agree to be bound by the Honor Code, which can be found here:

<http://www.biz.uiowa.edu/upo/honorcode.html>

Sexual Harassment: The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University website, <http://www.sexualharassment.uiowa.edu/index.php>, and to seek assistance from department chairs, the Dean's Office, the University Ombuds Office, or the Office of Equal Opportunity and Diversity.

Grievance Policy: Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the DEO (John Solow). If you cannot resolve the complaint by speaking with the DEO, you may contact the Associate Dean of the Tippie College Undergraduate Program, Lon Moeller, at 319-335-0924, or by email at lon-moeller@uiowa.edu

Students with Disabilities: If you have a disability that may require some modification of

seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly if you have any emergency medical information about which I should know, or if you need special arrangements in the event the building must be evacuated, please let me know. Please see me after class hours or during my scheduled office hours or schedule an appointment. I would remind you that the Office of Student Disability Services is available to assist you.

Course Outline

Prior to the start of the course, you should read the following chapters from the text and complete an assignment based on these three chapters. The assignment should be turned in on the first day of class (May 20, 2014).

Chapter 1: Why Study Money, Banking, and Financial Markets?

Chapter 3: What is Money?

Chapter 14: Central Banks and the Federal Reserve System

I will cover the following chapters in the course:

Chapter 2: An Overview of the Financial System

Chapter 4: Understanding Interest Rates

Chapter 5: The Behavior of Interest Rates

Chapter 6: The Risk and Term Structure of Interest Rates

Chapter 7: The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis

Chapter 8: An Economic Analysis of Financial Structure

Chapter 9: Financial Crises

Chapter 11: Banking and the Management of Financial Institutions

Chapter 12: Economic Analysis of Financial Regulation

Chapter 13: Banking Industry: Structure and Competition

Chapter 15: The Money Supply Process

Chapter 16: The Tools of Monetary Policy

Chapter 17: The Conduct of Monetary Policy: Strategy and Tactics

Chapter 18: The Foreign Exchange Market

Chapter 19: The International Financial System