



 THE UNIVERSITY OF IOWA

**Tippie College of Business**

## **Economics 3335 – Money, Banking, and Financial Markets**

### **Course Syllabus, Summer 2015**

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**Text:** Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets*, 11<sup>th</sup> ed., Pearson, 2016. Earlier editions, the 9<sup>th</sup> and 10<sup>th</sup>, may be used, but students are responsible for verifying that they are accessing the correct material referenced in this syllabus and in class because chapter numbers and end-of-chapter numbered exercises and problems can differ between editions.

**Prerequisites:** ECON 1100 Principles of Microeconomics and ECON 1200 Principles of Macroeconomics or the equivalent courses with other universities.

**Brief Course Description:** This course is a study of financial systems, the financial markets within those systems, and how they integrate and contribute to the broad economic system of a country. Because this course is study abroad, emphasis will be placed on international topics and applications so that students can relate the educational knowledge to their international experience. Some specific topics included are capital markets, corporate governance, central banking, balance of payments, regulation of financial markets and institutions, foreign exchange rate markets, foreign exchange risk management, and financial crises.

**Course Objectives:** At the conclusion of this course, students should have a broad knowledge of and be able to analyze specific situations in the following topical areas:

1. Financial markets, institutions, and their regulatory environment
2. Corporate governance and its role in the financial system
3. Central banks with emphasis on the Federal Reserve System and European Central Bank
4. Financial crises with emphasis on the 2007-2009 environment
5. Foreign exchange markets and operations
6. Financial derivatives and their use for managing foreign exchange risk
7. International financial markets and the balance of payments

**Method:** Each class begins with presentation of a financial topic and emphasizes how it impacts international financial markets and institutions. Most classes will use a video that demonstrates the financial topic being presented. On some class days, there will be an in-class exercise either before or following the video. (There may also be an out-of-class portion of the exercise.)

**Electronic Access:** Access to course materials will be on ICON, the University of Iowa's course management system. ICON offers a variety of features such as discussion groups, grade tracking, drop files, etc.

**Evaluation:** Evaluation in this class is by earning points through a pre-session assignment, exercises, making a group presentation, written analysis of the videos, and exams. The following table lists the points possible for each.

Computation of Semester Grade	
Description	Points
Pre-work assignment	10
In-class and out-of-class exercises	9
In-class presentation	10
Video assignments	21
Exams	50
Total	100

**Semester Grade:** The following table lists the points needed for each letter grade. The table also shows the recommended guideline targets (including plusses and minuses) for each letter grade in the distribution of final grades in the course.

Semester Letter Grade Scale				
Grade	Minus (-)		Plus (+)	Distribution Target
A	90	93	97	40%
B	80	83	87	40%
C	70	73	77	15%
D	60	63	67	5%
F		<60		

**Pre-work assignment:** The pre-work assignment is posted on ICON and is due on the first day of class.

**In-class and out-of-class exercises:** Exercises will be assigned throughout the session. These may be in class, out of class, or a combination of the two. They may be assigned to be completed as a group or as an individual.



**Groups:** The instructor will assign every student to a group. These groups will work on group assignments and video discussions together and make the in-class presentation as a group.

**In-class Presentation:** Each group will prepare and present a presentation in class on corporate governance in an assigned country.

**Video Assignments:** A number of class sessions include a video or a portion of a video. Each video has an associated assignment. Your instructor will

identify the details of the assignment and whether it is individual or group at the time of the video presentation.

**Exams:** There are two exams during the session. These exams will be composed of discussion questions, quantitative problems, and short case analyses.

**Course Outline:** The following table presents the outline of topics to be covered each class day. Please read each chapter before the first class meeting for which it is listed. Material associated with supplemental topics will be posted on ICON. PDF copies of the slide presentation from each class meeting will be available also be posted on ICON.

	Date	Text Chapter	Supplemental Topic	Exercise	Video*
1	May 19	7	The OECD		WS
2	20	7	Insider trading		WS
3	21		Insider trading cases		TCAT
4	22	13	The European Central Bank		MFN
5	25	8			MFN
6	26	8	Corporate governance		SGR or AG
7	27	Web 3#	International corporate governance		SGR or AG
8	28		Mid-term exam		
9	Jun 1	12	International corporate governance presentations		TBF
10	2	12	Subprime mortgages, presentations continued		TBF
11	3	17	Presentation continued, if necessary		
12	4	Web 2#			TW
13	8	Web 2#	Derivatives and hedging foreign exchange		TW
14	9	18	The balance of payments		
15	10	18	The gold standard		G
16	11/12		Final exam		

*Videos	AG	American Greed: Tyco (documentary)
	WS	Wall Street (fiction)
	TCAT	To Catch a Trader (documentary)
	MFN	Money for Nothing (documentary)
	SGR	The Smartest Guys in the Room (documentary)
	TBF	Too Big to Fail (based on true events)
	TW	The Warning
	G	Gold!

#The Web Chapters and other supplementary material for the text are available at:

[http://wps.aw.com/bp\\_mishkin\\_econmbfm\\_10/215/55045/14091673.cw/index.html](http://wps.aw.com/bp_mishkin_econmbfm_10/215/55045/14091673.cw/index.html)

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

- a) 1<sup>st</sup> absence will result in a loss of a ½ of a letter grade in that class
- b) 2<sup>nd</sup> (cumulative) absence will result in a loss of an entire letter grade in that class
- c) 3<sup>rd</sup> (cumulative) absence will result in a dismissal from the program.

Absences due to illness require a note from the CIMBA Staff. Any student who is sick and cannot attend class must inform the CIMBA Staff immediately. Failure to do so will result in an unexcused absence.

**Administrative Authority:** The Tippie College of Business is the administrative home of this course and governs matters such as the add/drop deadlines, the second-grade-only option, and other related issues. Different colleges may have different policies.

**Official Correspondence:** University policy specifies that students are responsible for all official correspondences sent to their University of Iowa email address (@uiowa.edu).

**Academic Fraud:** If your instructor determines that any assignment to be completed individually was not written solely by the student whose name is on the project, the student will receive a zero (0) for the assignment and may receive an "F" for the class. All incidents of cheating will be reported to the Senior Associate Dean and the student may be placed on disciplinary probation for the remainder of his or her enrollment at the University of Iowa. Honor Code for the Tippie College of Business will determine the appropriate appeal process.

**Accommodations for Students with Disabilities:** A student seeking academic accommodations such as a modification of seating, testing, timing, etc. should first register with Student Disability Services, then contact Shannon Lizakowski (shannon-lizakowski@uiowa.edu) in the CIMBA Office to make further arrangements. See <http://sds.studentlife.uiowa.edu> for more information.

**Procedures for student complaints:** 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 CIMBA Director, Brandelle Unkrich (319-335-1041, brandelle-unkrich@uiowa.edu). The Director will review the details of the complaint and involve the Associate Dean of the Undergraduate Programs, as needed.



**University Sexual Harassment Policy:** Sexual harassment subverts the mission of the University and threatens the well-being of students, faculty, and staff. All members of the UI community have a responsibility to uphold this mission and to contribute to a safe environment that enhances learning. Incidents of sexual harassment should be reported immediately. 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, [www.sexualharassment.uiowa.edu/index.php](http://www.sexualharassment.uiowa.edu/index.php), and to seek assistance from the CIMBA Director, Brandelle Unkrich, at 319-335-1041 or brandelle-unkrich@uiowa.edu.