Money and Banking

Professor Yu-Li Wang

Objective

This is an advanced Economics course. It covers a broad range of topics in the fields of Monetary Economics and Finance. In this course, we will discuss the financial and banking system including the issues of money, inflation, interest rates, financial structures…etc. We will also cover the topics of central banking and monetary theory. After this course, you will have a better understanding of how the financial system functions in the economy, how the central bank conducts its monetary policy, and the theories behind those policies.

Prerequisites Principle of Economics (1 year)

Textbook

The Economics of Money, Banking, and Financial Markets, 13th Edition (2022), Frederic S. Mishkin, Pearson Education. (Required)。

Class Meeting Time and Place

Friday 9:10 A.M. ~ 12:00 P.M., Humanities and Social Sciences Building II, Room A101.

Grading Policy

Exams: 70%. There will be one mid-term exam and a comprehensive final examination. The mid-term exam will account for 30% and the final exam will account for 40% of your total grade.

General performance: 25%. It includes: classroom games, quizzes, homework, class participation and presentation…etc. The purpose of these activities is to help you assimilate the materials covered in the class and prepare for the exams. **Please note that late homework will not earn you any credit.**

Classroom Game: 5%. There will be at least one classroom game during the semester, you are required to preview the materials before participating the game when we discuss about the issues of money or banking. For example, you will learn how banks make profits by playing the role of bank managers in the classroom game. The final exam will also include a specific question regarding what you have learned in the game.

Importance: **Any form of cheating will result in your failure in this course.** If you missed the exam for acceptable excuses such as a university-sponsored excursion, a critical illness or a death in your family, you must talk to me within a week after the exam to arrange for a make-up exam or receive no credit for that exam.

Suggestions

Since this course is closely related to the real world economic events, I encourage you to pay more attention to the financial news and related information on the web or in the newspapers and business-type magazines. The exams might ask you to analyze the related news reports.

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Office Hours: Monday 1:30~3:30 P.M. or by appointment

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Course Outline:
This is the tentative schedule. I reserve the right to add or drop some of the materials.

Week	Date	Topics	Chapters
1	Sep. 13	Introduction.	Mishkin Ch. 1
2	Sep. 20	An Overview of the Financial System	Mishkin Ch. 2
3	Sep. 27	An Economic Analysis of Financial Structure	Mishkin Ch. 8
4	Oct. 4	The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis	Mishkin Ch. 7
5	Oct. 11	What is Money?	Mishkin Ch. 3
6	Oct. 18	Understanding Interest Rates	Mishkin Ch. 4
7	Oct. 25	The Behavior of Interest Rates	Mishkin Ch. 5
8	Nov. 1	The Risk and Term Structure of Interest Rates	Mishkin Ch. 6
9	Nov. 8	**Mid-term Examination**	
10	Nov. 15	Banking and the Management of Financial Institutions	Mishkin 9
11	Nov. 22	Classroom Game (Banking)	
12	Nov. 29	Central Banks	Mishkin Ch. 14
13	Dec. 6	The Money Supply Process	Mishkin Ch 15
14	Dec. 13	Tools of Monetary Policy	Mishkin Ch.16
15	Dec. 20	The Conduct of Monetary Policy: Strategy and Tactics	Mishkin Ch.17
16	Dec. 27	Quantity Theory, Inflation and the Demand for Money	Mishkin Ch.20
17	Jan. 3	**Final Examination**	