ECON 353 -- MONEY AND BANKING
COURSE SYLLABUS

Dr. Chitra Rajan
Associate Vice President for Research
Spring 2009

CLASS INFORMATION:

Class Times: Monday, Wednesday and Friday: 3:10-4:00 PM
Location: 210 Bessey Hall

PERSONAL INFORMATION:

Address: Office of Vice Provost for Research, 2810 Beardshear Hall
Telephone: Office: 294-9096
Email Address: rajane@iastate.edu
Office Hours: By appointment. The best way to reach me is through email: if possible, I will answer your questions by email. If we need to meet me, please make an appointment through email.

THE COURSE

Course Description:
The objective of the course is to develop the framework that will help you understand the structure of financial markets, money and its components and how interest rates are determined, the banking system, the Federal Reserve System and the role of monetary policy. Through the models that we will develop, you should gain enough knowledge and analytical tools to understand the latest developments in the financial and banking world. You will be encouraged to follow the financial news with the goal of gaining enough fluency to read a financial newspaper.

Learning Objectives and Goals of the Course
- Provide you with introductory knowledge and content in the area of money and financial institutions.
• Build on your analytical skills using basic algebra and graphical analysis.
• Learn to apply economic principles to applied areas in money and financial economics
• Create awareness about real-world economic problems and how to analyze them.
• Help analyze and understand current events in the economy and banking sector in particular.

CLASS POLICIES

ATTENDANCE
I expect you to attend class. Unannounced in-class quizzes will be given regularly and I factor in class-participation in your final grade. Information about tests, exams, assignments, etc. will be announced in class. If circumstances require you to miss a class, please contact me to find out what transpired. If you miss a quiz because you missed class, I do not provide make-up quizzes, no matter what the reason is for missing that class. If you miss a test, please note the following: if you know ahead of time that you will have to miss class on the day of the test and have a legitimate reason for doing so, please let me know, and you will take the test before the scheduled date. If you miss a test due to last minute emergencies, then contact me as soon as possible, and I will schedule a time for you to take the test.

ACADEMIC INTEGRITY
I take any breach of academic integrity (cheating, copying, plagiarism, etc.) very seriously and will follow the rules of the University to the fullest in responding to such acts.

DISABILITY
If you are in need of any kind of assistance or consideration, please do let me know.

GRADING POLICY
I reserve the A grade for consistently excellent and outstanding work.

If you miss a test for a valid reason, you have to contact me immediately to determine the time for a make-up test; if not, you will get no credit for that test. In those cases where you know ahead of time that you will miss a test, the make-up test has to be done before the scheduled date.

Class participation carries a small but important element in determining minor grade increments. There will be many opportunities in each class for you to participate in class discussions. Please make sure that you come to class prepared with the assigned readings and work.
COURSE OUTLINE

TEXTBOOK: MONEY, BANKING AND FINANCIAL MARKETS
BY F. S. MISHKIN (8TH EDITION)

PART I: INTRODUCTION

Introduction to Money and Banking Chapter 1
The Financial System – Overview Chapter 2
What is Money Chapter 3

Test #1 on Part I

PART II: FINANCIAL MARKETS AND INTEREST RATE BEHAVIOR

Understanding interest rates Chapter 4 (introductory section) and chapter 5
Risk and Term Structure of Interest Rates Chapter 6
Understanding the Stock Market Chapter 7
The Foreign Exchange Market Chapter 17

Test #2 on Part II

PART III: FINANCIAL INSTITUTIONS

Understanding the Banking Industry:
   Economic Analysis of the financial structure Chapter 8
   Banking Industry – Structure Chapter 10
   Banking Regulation Chapter 11

Additional chapters recommended from the “Alternate Edition” Chapters 12, 13 and 14

Term Paper on Part III
Paper outline (with references) due on March 13th, 2009; final paper due on first day of the exam week – May 4th, 2009.
PART IV: MONEY SUPPLY

The bank’s balance sheet Chapter 9
Multiple Deposit Creation Chapter 13
Determinants of the Money Supply Chapter 14

Test #3 on Part IV.

PART V: MONETARY POLICY

The Federal Reserve System Chapter 12
Tools of Monetary Policy Chapter 15
International Financial System Chapter 18

Test #4 on Part V

Your final grade will consist of the following components:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test #1</td>
<td>15%</td>
</tr>
<tr>
<td>Test #2</td>
<td>15%</td>
</tr>
<tr>
<td>Test #3</td>
<td>15%</td>
</tr>
<tr>
<td>Test #4</td>
<td>15%</td>
</tr>
<tr>
<td>Term Paper</td>
<td>30%</td>
</tr>
<tr>
<td>In class quizzes and class participation</td>
<td>10%</td>
</tr>
</tbody>
</table>