

**MONEY AND BANKING
SYLLABUS**

INSTRUCTOR: Barbara P. Street, Ph.D.

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TEXT: *Money and Banking*, 4th edition

Author: David Friedman

Publisher: American **Bankers** Association, 1998

COURSE DESCRIPTION: This course **presents** a fundamental treatment of how money functions in the U.S. and world economies. We will discuss the key **concepts**, theories, processes, and interrelationships that link money and banking to the workings of the U.S. economy exploring both theoretical and real-world aspects of money's role in and relationship to the U.S. and global economies.

COURSE OBJECTIVES: After completing this course, the student will be able to:

1. Describe the nature and the role of money in **today's** economy, and how that

has evolved over time

2. Describe the nature and the role of financial institutions in **today's** economy, and *how* that has evolved over time. .

2. Describe **the regulatory** history and rationale for bank regulation in the U.S. economy, and *how* that has evolved over time.

3. Describe the Federal Reserve;; its structure, responsibilities, procedures, role in today's economy, and how it has evolved over time.

4. Understand the analytical framework that monetary and fiscal policy makers rely on in structuring monetary and fiscal policies, and how those policies **affect financial** institutions and economies.

5. Explain the relationship of **banks** to the **international financial** system, the U.S. balance of payments, and the workings *of* foreign exchange markets.

6. Discuss the changes and challenges our **global** economy places upn U.S. **financial** institutions.

To objectively assess the **learning** outcomes *of* this course, a pre-test and a post-test will be administered to all students. **Additional** assessment tools may be *utilized* during the semester.

REQUIREMENTS: In order to successfully complete this course, each student must:

1. Attend class, arriving on time, and participating in class **discussions**. Students will be allowed 3 days of absences and/or non-participation before grades are affected For every absence or non/participation beyond three, the points **allocated** to attendance will be reduced by 5.

2. Complete the reading and written assignments as assigned. Late work will be penalized by 5 percent for each day late.

3. Take the quizzes, mid-terms and Final Exam as scheduled. No **make-up** exams or quizzes unless the student has notified the instructor *of* such a need **BEFORE** the test is administered to the class.

4. Compile a portfolio of 15 news articles regarding the **economy an/or** money and banking issues. Each article will be **summarized** and **analyzed**. Be sure to submit a copy of the article and that the source and date of each article is included in your **submission**.
5. Construct a profile of the U.S. economy and the **changes** it undergoes throughout **the** semester by researching and reporting economic **statistics** as they are released by the authorities. Three times during the semester, and just before these are handed in for grading, the student will write a short paper on the **state** of the economy and **changes** taking place in it, based on the data the student has collected.

GRADING POLICY

Homework:	100 points	A: 450-500 points
Articles:	100 points	B: 400-449 points
Profile:	100 points	C: 350-399 points
Mid-term:	100 points	D: 300-349 points
Final Exam	150 points	F: below 300 points
Attendance	50 points	
TOTAL	500 points	

PROPOSED COURSE OUTLINE (schedule may change during semester)

		ASSIGNMENTS	
TOPICS		READING	WRITTEN
Jan 18	Course Introduction; The Functions of Money		
Jan 20	Evolution of Money	Ch. 1	Reading Questions*
Jan 25	Circular Flow of Economic Activity	Ch.2 to p38	Article 1
Jan 27	Monetary Policy, Credit Markets & Interest Rates	Ch.2 to end	Reading Questions*
Feb 1	The Changing Competitive Environment	Ch.3 to p.57	Article 2
Feb 3	Types of Deposits	Ch.3 to p.66	Reading Questions*
Feb 8	Bank Lending & Money Creation	Ch 4 to p.86.5	Article 3
Feb 10	Influences on Money Creation	Ch.4 to end	Reading Questions* Exercise, p. 95
Feb 15	The Federal Reserve Origins & Functions	Ch. 5 top. 109	Article 4
Feb 17	Federal Reserve, continued	Ch. 5 to p 120	Answer Questions, p. 119

TURN IN ECONOMIC PROFILE

Feb 22	Monetary Policy Tools: Reserve Requirements and Discount Rate	Ch. 6 to p.135	Problems as assigned Article 5
Feb 24	Monetary Policy Tools: Open Market Operations and Selective Controls	Ch 6 to p.143.5	Problems as assigned
Feb 29	Monetary Policy & the Federal	Ch. 6 to p. 149.5	Questions, page 149, 150
Mar 2	REVIEW		Article 6
Mar 7	MID-TERM EXAM		
Mar 9	Bank Operations & the Payments Mechanism	Ch. 7	Questions, p.180
Mar 14	The Bank as a Business Firm	Ch 8	Problems, p. 205-208
Mar 16	Banking Regulation	Ch 9 to p. 228.5	Article 7
Mar 21	Recent Banking Legislation	Ch 9 to p. 240	Questions, p. 240
Mar 23	Trends and Issues in Banking	Issue as Assigned Presentation to Class (Issues discussed in Ch 10)	
Apr 4	Monetary Policy Decision-Making	Ch. 11 to p. 289	Article 8
TURN IN ECONOMIC PROFILE			
Apr 6	Managing Banks for Profitability	Ch. 11 to p. 293	Questions p. 293
Apr 11	Classical Monetary Theory	Ch. 12 to p. 303.5	Article 9
Apr 13	Keynesian Monetary Theory Rational Expectationists Supply-Side Economics	Ch. 12 to p. 318	Questions 1-5 p. 325 Comparison table for Economic Theories
Apr 25	Policy Goals	Ch. 13 to p.355.5	Questions p. 355
Apr 27	Balance of Payments	Ch. 14 to p. 337.5	Article 10
May 2	Foreign Exchange	Ch. 14 to p. 382	Questions p. 381-2
May 4	Role of Banks in International Trade and Finance	Ch. 15 to p. 391-404	TURN IN ECONOMIC PROFILE

*Reading Questions: 3 Questions-- **with answers** on topics covered in text chapter assigned.
1 multiple choice question, 1 **short-answer** (fill-in the blank) and 1 essay question.