

University of Texas at Arlington
Department of Economics
Class Meeting: T,Tr, 11:00am - 12:20pm
Professor C.Y. Choi
<http://www.uta.edu/faculty/cychoi/index.htm>

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ECON 3303

Money and Banking

Course Description:

This is a one-semester course covering *money* and *banking* in general. The primary goal of this course is to help students understand the roles that money and interest rates play in the economy, the functions and organization of financial markets, financial institutions, and central banks, and their operations of monetary policy. To achieve these goals, students are asked to attend lecture for a total of two meetings per week, to complete the *assigned reading* noted in the schedule below, and to *take all quizzes and exams*. *Failure to fulfill these requirements will most likely result in a lower course grade.*

This course is organized around three parts. The first part explores the economics behind money, interest rates and financial markets including the foreign exchange market. The second part is devoted to the study of financial institutions and banking industry which plays a vital role in all economies. The third part focuses on the creation of money, the role of the central bank, the Federal Reserve System and the European Central Bank (ECB), in setting monetary policy and the impact of these policy decisions on the economy as a whole.

Student Learning Outcomes:

Upon completion of this course, students will be able to (1) explain the definition and role of money, the financial institutions, and monetary policy which affect the size of the money supply; (2) identify the impact that the size of the money stock can have on the economy; (3) analyze the relevant issues and articles in media such as the Economist, the Wall Street Journal, and comparable publications.

Course Material

Required: *“The Economics of Money, Banking, and Financial Markets”*,
Frederic S. Mishkin, 11th edition (2016), Addison-Wesley

Supplementary materials:

The Economist (British magazine for current economic issues)
The Wall Street Journal

Course Website:

The course website is available in the Blackboard (<https://elearn.uta.edu/webapps/login/>). Since the website will serve as a storehouse of course information (course syllabus, course materials, announcements, links to relevant websites, practice problems and answer keys, and grade information, etc.), it is ***your responsibility*** to ***check the course website as often as you can.***

Course Requirements and Grading Policy:

| <i>Evaluations</i> | <i>Date</i> | <i>Weight</i> |
|---------------------|-----------------------------------|---------------|
| 3 Quizzes | TBA | 15 percent |
| Mid-term 1 | February 18, Thursday (tentative) | 25 percent |
| Mid-term 2 | March 31, Thursday (tentative) | 25 percent |
| Final exam | May 10 (11:00am -1:30pm), Tuesday | 25 percent |
| Class participation | Throughout the semester | 5 percent |
| Group Project | TBA | 10 percent |

- **Course Grade:** Your course grade will be given based on the ***weighted*** average of the exams and quizzes using the formula of

Your total score = average score of 3 quizzes \times 0.15 + group project score \times 0.10 + first mid-term score \times 0.25 + second mid-term score \times 0.25 + final exam score \times 0.25.

Then letter grades then will be given according to the following scale:

A = 90.0 - 100 B = 80.0 - 89.9 C = 70.0 - 79.9
D = 60.0 - 69.9 F = 59.9 and below

For example, if your first mid-term score is 75, the second mid-term score is 80, the final score is 85, the average score of quizzes is 83, and the score for group project is 90. Your total score then will be 81.45 ($= 75 \times 0.25 + 80 \times 0.25 + 85 \times 0.25 + 83 \times 0.15 + 90 \times 0.1$) and your letter grade is B.

- **Attendance:** Students are expected to attend each class in punctual (on-time) manner. Students who must miss a class are responsible for securing any and all coursework missed.
- **Exams:** Due to their inherent unfairness, there will be ***no make-up exam*** unless you miss an exam for a valid reason (see below for the penalty waivers). ***If there is any question about the grading of the mid-term examination, you have one week to submit the examination with a specific issue after the examination is returned. The Final Exam will be cumulative.*** You must take the final to receive a course grade under any circumstances.
- **Penalty Waivers:** I will waive the penalty on a missed exam only for the following reasons on condition that you provide me a valid document. (only for one mid-term exam).
 - (a) You have a valid medical excuse (***doctor's medical statements in official coverletter with signature are required***)

- (b) you are a student athlete traveling to competition
 - (c) you are in the armed forces reserves and are called out of town
 - (d) family emergencies.
- Be aware that when I grade exam answers **you EARN points – you do not LOSE points**. You start every exam with a zero (not 100) and build your points upon what is included on the exam.
 - There will be no bargaining for grades. Also, there will be no post-course opportunity to do “extra work” to raise your grade. *But, the instructor reserves the right to adjust final course grades based upon class participation.*

Expectations for Out-of-Class Study:

Beyond the time required to attend each class meeting, students enrolled in this course should expect to spend at least an additional 9 hours per week of their own time in course-related activities, including reading required materials (before and after each class), completing assignments, preparing for exams, etc.

Grade Grievances:

You have one calendar year from the date the grade is assigned to initiate any grievance. The normal academic channels are department chair, academic dean, and the Provost.

Drop Policy:

Students may drop or swap (adding and dropping a class concurrently) classes through self-service in MyMav from the beginning of the registration period through the late registration period. After the late registration period, students must see their academic advisor to drop a class or withdraw. Undeclared students must see an advisor in the University Advising Center. Drops can continue through a point two-thirds of the way through the term or session. It is the student's responsibility to officially withdraw if they do not plan to attend after registering. **Students will not be automatically dropped for non-attendance.** Repayment of certain types of financial aid administered through the University may be required as the result of dropping classes or withdrawing. For more information, contact the Office of Financial Aid and Scholarships (<http://wweb.uta.edu/aao/fao/>). **(April 1, 2016 is the last day to drop. ABSOLUTELY NO DROPS AFTER THE OFFICIAL LAST DAY TO DROP)**

College Policy:

Students who have not paid by the census date and are dropped for non-payment cannot receive a grade for the course in any circumstances. A student dropped for non-payment who continues to attend the course will not receive a grade for the course. Emergency loans are available to help students pay tuition and fees through the Bursar's Office.

Academic Integrity:

Students enrolled in this course are expected to adhere to the UT Arlington Honor Code:

I pledge, on my honor, to uphold UT Arlington's tradition of academic integrity, a tradition that values hard work and honest effort in the pursuit of academic excellence.

I promise that I will submit only work that I personally create or contribute to group collaborations, and I will appropriately reference any work from other sources. I will follow the highest standards of integrity and uphold the spirit of the Honor Code.

UT Arlington faculty members may employ the Honor Code as they see fit in their courses, including (but not limited to) having students acknowledge the honor code as part of an examination or requiring students to incorporate the honor code into any work submitted. Per UT System *Regents' Rule* 50101, §2.2, suspected violations of university's standards for academic integrity (including the Honor Code) will be referred to the Office of Student Conduct. Violators will be disciplined in accordance with University policy, which may result in the student's suspension or expulsion from the University. No unauthorized assistance may be used when taking exams. ***Any academic dishonesty will result in a grade of "F" for the course.***

Americans with Disabilities Act:

If a student requires an accommodation based on disability, the student should meet with the instructor in his/her office during the first week of the semester. As a faculty member, I am required by law to provide "reasonable accommodation" to students with disabilities, so as not to discriminate on the basis of that disability. Student responsibility primarily rests with informing faculty at the beginning of the semester and in providing authorized documentation through designated administrative channels.

Student Support Services:

The University of Texas at Arlington supports a variety of student success programs to help you connect with the University and achieve academic success. They include learning assistance, developmental education, advising and mentoring, admission and transition, and federally funded programs. Students requiring assistance academically, personally, or socially should contact the Office of Student Success Programs at 817-272-6107 for more information and appropriate referrals.

Bomb Threats:

If anyone is tempted to call in a bomb threat, be aware that UTA will attempt to trace the phone call and prosecute all responsible parties. Every effort will be made to avoid cancellation of presentations/tests caused by bomb threats. Unannounced alternate sites

will be available for these classes. Your instructor will make you aware of alternate class sites in the event that your classroom is not available.

Emergency Exit Procedures:

In the event of an evacuation of the College of Business building, when the fire alarm sounds, **everyone must leave the building by the stairs**. With the fire alarm system we now have, the elevators will all go to the first floor and stay there until the system is turned off.

FOR DISABLED PERSONS.....please go to the Northeast fire stairs. We have an evacu track chair located on the 6th floor stairwell. We have people trained in the use of this chair and there will be someone that will go to the 6th floor to get the chair and bring it to any lower floor stairwell to assist disabled persons.

E-Culture Policy:

The University of Texas at Arlington has adopted the University email address as an official means of communication with students. Through the use of email, UT-Arlington is able to provide students with relevant and timely information, designed to facilitate student success. In particular, important information concerning registration, financial aid, payment of bills, and graduation may be sent to students through email.

All students are assigned an email account and information about activating and using it is available at www.uta.edu/email. New students (first semester at UTA) are able to activate their email account 24 hours after registering for courses. There is no additional charge to students for using this account, and it remains active as long as a student is enrolled at UT-Arlington. Students are responsible for checking their email regularly.

*When you contact me via e-mail, please make sure that your full name with proper capitalization and ECON **3303 appear in the 'Sender' and in the 'Subject' line**. Due to the concern on computer viruses, I often delete suspicious e-mails without even opening them. Questions emailed to me related to course material will be answered by email in the earliest manner and possibly distributed to all students in the class anonymously.*

Student Feedback Survey:

At the end of each term, students enrolled in classes categorized as “lecture,” “seminar,” or “laboratory” shall be directed to complete an online Student Feedback Survey (SFS). Instructions on how to access the SFS for this course will be sent directly to each student through MavMail approximately 10 days before the end of the term. Each student’s feedback enters the SFS database anonymously and is aggregated with that of other students enrolled in the course. UT Arlington’s effort to solicit, gather, tabulate, and publish student feedback is required by state law; students are strongly urged to participate. For more information, visit <http://www.uta.edu/sfs>.

Final Review Week:

A period of five class days prior to the first day of final examinations in the long sessions shall be designated as Final Review Week. The purpose of this week is to allow students sufficient time to prepare for final examinations. During this week, there shall be no scheduled activities such as required field trips or performances; and no instructor shall assign any themes, research problems or exercises of similar scope that have a completion date during or following this week *unless specified in the class syllabus*. During Final Review Week, an instructor shall not give any examinations constituting 10% or more of the final grade, except makeup tests and laboratory examinations. In addition, no instructor shall give any portion of the final examination during Final Review Week. During this week, classes are held as scheduled. In addition, instructors are not required to limit content to topics that have been previously covered; they may introduce new concepts as appropriate.

Title IX:

The University of Texas at Arlington does not discriminate on the basis of race, color, national origin, religion, age, gender, sexual orientation, disabilities, genetic information, and/or veteran status in its educational programs or activities it operates. For more information, visit uta.edu/eos. For information regarding Title IX, visit www.uta.edu/titleIX.

Classroom Protocol (DOs and DO NOTs):

Because lots of exciting and helpful materials are going to be covered in a short period of time, it is vital for all of us to cooperate in using the given time as efficiently as possible.

- BE **ON TIME** to every class meeting and conduct yourself appropriately when the class is called to order. I expect students to sit the entire class. If you need to leave class early, please let me know before the class starts and seat yourself close to the door.
- DO check the course website on a regular basis.
- DO ask questions and ask me to slow down if I'm going too fast or if material is not clear.
- DO help out the class by initiating and participating in class discussion. I will frequently call on students to discuss course topics. Please help us maintain a pleasant, scholarly atmosphere. Your questions and comments during class help not only yourself, but others to learn and understand. **Active class participation** will be appreciated and reflected in your grade positively in the event that a student is on the border between grades.
- DO seek out help **early** if you are having problems. I will be available outside office hours if you email or call me in advance so as to schedule a mutually convenient time.

- DO prepare for this class at least twice a week by reviewing your notes, recopying your notes, supplementing notes with text material, working with other students, and coming to my office hours or emailing me questions about the material. Your study habits, attitudes toward course work, strategies for preparation for class and for performance may need to change if you would like to see an improvement in your performance in this course and in other courses in general.
- Do NOT talk amongst yourselves, play palm pilot or computer, or read the newspaper during class. If you need to use computer for note-taking purpose, you are supposed to get me a legitimate document.
- DO NOT involve in academic misconduct. Academic misconduct includes, but not limited to, giving or receiving information during an exam, submitting plagiarized work for academic requirements or submitting altered documentation.

Some hints on Note-Taking and Studying:

- *Use of split-page:* Draw a line down the middle of a page in your notebook. Take notes during class on the left hand side of the page. After class, **review** your notes line by line. If you understand what you have written during class, use the right hand side of the page to correct and embellish it, and express it **in your own words**. If you don't understand what you have written, underline it, and ask about it during office hours or send an e-mail. You will learn more than you imagine by **translating the material into your own words**.
- *Active learning:* If you don't understand something, ask questions. Also try to figure out where the instructor is heading in his lecture by asking yourself, “If I were the instructor, what materials would I present next to provide a clear and logical picture?”
- *Study group:* It is a good idea to form a study group with your classmates to exchange ideas and information (of course not during exams). It will be helpful to identify potential examination questions and formulate answers for them.

Missed a Class?

If you miss a class, contact fellow students for the class notes. The instructor will meet with you to address your questions only after you have reviewed the class notes. To facilitate this, in the space provided, write the name and address of three other students as your primary contacts for notes.

| | |
|--------|--|
| Name | |
| Phone | |
| e-mail | |

| | |
|--------|--|
| Name | |
| Phone | |
| e-mail | |

Course Schedule

| Week | Date | Topics | Chapter to read |
|-------|------|-----------------------------------------------------|-----------------|
| 1 | 1/19 | An overview of financial system | 1 & 2 |
| | 1/21 | An overview of financial system | |
| 2 | 1/26 | What is money? | 3 |
| | 1/28 | What is money? | 3 |
| 3 | 2/2 | Understanding interest rates | 4 |
| | 2/4 | Understanding interest rates | 4 |
| 4 | 2/9 | The behavior of interest rates | 5 |
| | 2/11 | The behavior of interest rates | 5 |
| 5 | 2/16 | The risk and term structure of interest rates | 6 |
| | 2/18 | 1st mid-term | |
| 6 | 2/23 | The stock market | 7 |
| | 2/25 | An economic analysis of financial structure | 8 |
| 7 | 3/1 | An economic analysis of financial structure | 8 |
| | 3/3 | Banking and management of financial institutions | 10 |
| 8 | 3/8 | Banking and management of financial institutions | 10 |
| | 3/10 | Banking industry: structure and competition | 12 |
| 9 | 3/22 | Banking industry: structure and competition | 12 |
| | 3/24 | Financial crises and the subprime debacle | 9 |
| 10 | 3/29 | Financial crises and the subprime debacle | 11 |
| | 3/31 | 2nd mid-term | |
| 11 | 4/5 | Central banks and the Fed | 13 |
| | 4/7 | Central banks and the Fed | 13 |
| 12 | 4/12 | The European Central Bank | 13 |
| | 4/14 | The European Central Bank | 13 |
| 13 | 4/19 | The money supply process | 14 |
| | 4/21 | The money supply process | 14 |
| 14 | 4/26 | The money supply process | 14 |
| | 4/28 | Tools of monetary policy | 15 |
| 15 | 5/3 | Group Project Presentation | |
| | 5/5 | Group Project Presentation | |
| Final | 5/10 | Final Exam: (11:00 am - 1:30 pm) @ Classroom | |

Guidelines on the Group Project

You can familiarize yourself with course topics more effectively by regularly reading news articles in magazines or newspapers on these issues. An excellent source of such articles is *The Economist*, a British magazine, which is available online through our library system. Of course there are many other sources that I believe provide good complement textbook material. As an old saying says, however, "it takes more than pearls to make a necklace". You can make them yours only when you read, think hard and analyze them carefully.

The purpose of the group project is to provide students with an opportunity to develop their understanding of issues in money and banking by identifying and exploring a topic of interest that is related to (but was not previously directly covered by) our class material. Students should benefit from working in collaboration with others and from listening to presentations on topics chosen independently by groups of classmates.

Each group will constitute no more than 5 people and no less than 4 people. No one will be allowed to work alone. Groups will select a topic of their own choice which is confined to the relevant issues in Money and Banking. All members of the group are required to participate in the presentation.

Important dates are listed below (please mark your calendar!).

| Date | Event |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| By March 31 | Form your group and select a group leader whom I will contact throughout the semester. |
| April 7 | Select your topic and inform it to me. |
| May 3 and 5 | Present in the middle of class for around 10 minutes. After presentation submit the summary and answers for some questions. To avoid the <i>free rider problem</i> , presenter will be randomly selected right before presentation. If you don't show up on your presentation date, you won't get any credit. |
| May 10 | Submit the final version of the presentation by noon by posting it on the course website (Group Project section). |
| Evaluations* | Meeting deadlines in each stage: 20% Quality and relevance of topic and paper: 30% Presentation: 50% |

***Additional extra points will be given to team leaders and presenters.**

Topics of groups may include (but not limited to):

| | |
|------------------------------------------------|------------------------------------------------------|
| 1. Unconventional monetary policy by the Fed | 6. BKash: Banking for the unbanked |
| 2. Comparison between the Fed and ECB | 7. IT development and asymmetric information problem |
| 3. The future of conventional banking industry | 8. The impact of subprime crisis on the US economy |
| 4. The rise of Fintech | |
| 5. Currency and digital money | |