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**MORAVIAN COLLEGE**  
Department of Economics & Business  
**EC 320: Money, Banking & Financial Markets**  
Rahmi Erdem Aktug - Fall 2010

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**COURSE OUTLINE**

- Class Meetings:** Tuesdays & Thursdays - 1:10 pm to 2:20 pm PPHAC 232
- Office Hours:** Tuesdays & Thursdays - 2:30 pm to 5:00 pm Comenius Hall 216 (or by appointment)
- Contact:** aktugr@moravian.edu
- Texts:** Mishkin, Frederic S., *The Economics of Money, Banking & Financial Markets*, Ninth Edition (Required).  
*The Wall Street Journal* (Daily Subscription - Recommended).
- Other Materials:** Always check Black-Board (BB) for announcements, additional readings, and problem sets. You can also utilize myeconlab.com, an online tool to help you improve your performance in this class.
- Course Objectives:** The purpose of this course is to provide you with a comprehensive introduction to the field of Money and Banking. Financial events dominate today's business news and a clear understanding of the mechanics of financial markets and institutions is crucial for all economic and political decisions. This course will help you gain that understanding and develop a continuous interest in the subject of financial economics. In addition to the material discussed in the text, the quickly changing financial environment will be monitored during the semester by using the Wall Street Journal and other financial periodicals. More specific objectives are as follows.
- 1- Explain the functions of money and the role of money in the economy.
  - 2- Understand the importance of financial markets and financial intermediaries.
  - 3- Apply economic (supply & demand) analysis surrounding security prices and interest rate determination.
  - 4- Describe the structure of the banking sector and gain an appreciation of the role of central banks, especially the Federal Reserve (FED) System.
  - 5- Demonstrate the essentials of the money supply process, including commercial bank deposit creation and the tools of the Federal Reserve System.
  - 6- Utilize macroeconomic models to show the impact of monetary policy on macro variables.
  - 7- Become familiar with the international financial system, including a historical perspective, operation of markets, and the evolution institutions.
  - 8- Analyze historical and current problems; including early bank panics, the great depression, stagflation, the market crashes of 1987, 2001-2002, and 2008-2009, as well as the contemporary economy.
- Attendance Policy:** Class attendance is mandatory. Excessive absences will affect your grade for the course, so please be very careful to avoid missing any. We will be covering a considerable amount of material during each of the class meetings. Since most of the material is cumulative, a missed class will put you very far behind in a very short time. If you must miss a class, please contact me beforehand.

**Homework:** The homework exercises will ordinarily consist of a set of problems involving concepts and techniques recently studied. *The problem sets should be worked out neatly and completely on an appropriate paper (not torn out of a spiral notebook) and then handed in.* After the completed problem sets are collected, a solutions key will be posted on BB. Please notice that assignments cannot be accepted after the date on which they are due. Each problem set is a graded exercise, so please be careful to work the assignments carefully and honestly. Although you may consult with me or with other students, the work which you hand in should be your own. Homework assignments showing evidence of outright dishonesty will not be accepted and will be penalized.

**Examinations and Quizzes:**

Four examinations will be given during the semester - three hourly exams during the 4<sup>th</sup>, 8<sup>th</sup>, and 12<sup>th</sup> weeks and a final examination during the final exam period. Dates will be announced well in advance. In addition, there will be several (possibly unannounced) short class quizzes during the semester. No make-ups will be given for the examinations or the quizzes, and an excused absence from a quiz or an exam will only be allowed in the case of a medical emergency. In such situations a note from the Dean of Students Office is necessary.

**Final Grades:**

Your final grade will be determined by assigning the following weights to graded material in the course:

First exam	20%
Second exam	20%
Third exam	20%
Final exam	25%
Homework sets, quizzes, class participation, and attendance	15%

**Office Hours, E-mail Address and Telephone:**

For any emergency, please contact Mickey Matuczinski - Department Coordinator at [matuczinskim@moravian.edu](mailto:matuczinskim@moravian.edu) or at 610-861-1591.

**Disabilities:**

If you have a documented learning disability and will be requesting academic accommodation for this class, please contact Office of the Dean of Students.

**Academic Integrity:**

It is the duty and obligation of the students to meet and uphold the highest principles and values of personal, moral and ethical conduct. As partners in our educational community, both students and faculty share the responsibility for promoting and helping to ensure an environment of academic integrity. As such, each student is expected to complete all academic course work in accordance to the standards set forth by the faculty and in compliance with the college's code of conduct. Detailed information on the code of conduct can be found in the student handbook.

## COURSE SCHEDULE

Week	Readings*	Topics**
1 & 2	Chapters 1-3	Introduction Definitions and Basics
2 & 3	Chapters 4-6	Financial Markets Assets, Interest Rates, and Rates of Return
<b>First Exam (4th Week)</b>		
5	Chapter 7	The Stock Market The Efficient Markets Hypothesis
6 & 7	Chapters 8-12	Financial Institutions Analysis of Financial Structure and Banking Industry
<b>Second Exam (8th Week)</b>		
9 & 10	Chapters 13-16	Central Banking and Monetary Policy Money Supply Process and The Tools of Monetary Policy
11	Chapters 17-18	International Finance The Foreign Exchange Market and The International Financial System
<b>Third Exam (12th Week)</b>		
12&13	Chapters 19-22	Monetary Theory Aggregate Demand and Supply Analysis
<b>Final Exam (Finals Period)</b>		

\* Readings will also include articles from the WSJ, and additional materials posted on the course webpage.

\*\* Details about the assignments will be announced every week.

*This syllabus is subject to change with notice.*