

University of Texas at Arlington
Department of Economics
Class Meeting: T,Tr, 11:00am - 12:20pm
Professor C.Y. Choi
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ECON 3303-004

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 15, Thursday (<i>tentative</i>)	20 percent
Mid-term 2	March 29, Thursday (<i>tentative</i>)	20 percent
Final exam	May 8 (11:00am -1:30pm), Tuesday	25 percent
Class participation	Throughout the semester	5 percent
Group Project	TBA	15 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 0.15 + first mid-term score \times 0.25 + second mid-term score \times 0.25 + final exam score \times 0.25 + class participation score \times 0.05.

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, the score for group project is 90, and the class participation score is 90. Your total score then will be 82.70 (= $75 \times 0.20 + 80 \times 0.20 + 85 \times 0.25 + 83 \times 0.15 + 90 \times 0.15 + 90 \times 0.05$) 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. At The University of Texas at Arlington, taking attendance is not required but attendance is a **critical** indicator in student success. Each faculty member is free to develop his or her own methods of evaluating students' academic performance, which includes establishing course-specific policies on attendance. As the instructor of this section, I will take attendance sporadically and will reflect it in the course performance when needed. However, while UT Arlington does not require instructors to take attendance in their courses, the U.S. Department of Education requires that the University have a mechanism in place to mark when Federal Student Aid recipients "begin attendance in a course." UT Arlington instructors will report when students begin attendance in a course as part of the final grading process. Specifically, when assigning a student a grade of F, faculty report the last date a student attended their class based on evidence such

as a test, participation in a class project or presentation, or an engagement online via Blackboard. This date is reported to the Department of Education for federal financial aid recipients. Moreover, *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:

Any appeal of a grade in this course must follow the procedures and deadlines for grade-related grievances as published in the current University Catalog.

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://www.uta.edu/aao/fao/>). **(March 30, 2018 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 in their courses by 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. Additional information is available at <https://www.uta.edu/conduct/>.

Disability Accommodations:

UT Arlington is on record as being committed to both the spirit and letter of all federal equal opportunity legislation, including *The Americans with Disabilities Act (ADA)*, *The Americans with Disabilities Amendments Act (ADAAA)*, and *Section 504 of the Rehabilitation Act*. All instructors at UT Arlington are required by law to provide "reasonable accommodations" to students with disabilities, so as not to discriminate on the basis of disability. Students are responsible for providing the instructor with official notification in the form of a **letter certified** by the Office for Students with Disabilities

(OSD). Only those students who have officially documented a need for an accommodation will have their request honored. Students experiencing a range of conditions (Physical, Learning, Chronic Health, Mental Health, and Sensory) that may cause diminished academic performance or other barriers to learning may seek services and/or accommodations by contacting: **The Office for Students with Disabilities, (OSD)** www.uta.edu/disability or calling 817-272-3364. Information regarding diagnostic criteria and policies for obtaining disability-based academic accommodations can be found at www.uta.edu/disability.

Counseling and Psychological Services (CAPS) www.uta.edu/caps/ or calling 817-272-3671 is also available to all students to help increase their understanding of personal issues, address mental and behavioral health problems and make positive changes in their lives.

Non-Discrimination Policy:

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.

Title IX Policy:

The University of Texas at Arlington (“University”) is committed to maintaining a learning and working environment that is free from discrimination based on sex in accordance with Title IX of the Higher Education Amendments of 1972 (Title IX), which prohibits discrimination on the basis of sex in educational programs or activities; Title VII of the Civil Rights Act of 1964 (Title VII), which prohibits sex discrimination in employment; and the Campus Sexual Violence Elimination Act (SaVE Act). Sexual misconduct is a form of sex discrimination and will not be tolerated. *For information regarding Title IX, visit www.uta.edu/titleIX or contact Ms. Jean Hood, Vice President and Title IX Coordinator at (817) 272-7091 or jmhood@uta.edu.*

Campus Carry:

Effective August 1, 2016, the Campus Carry law (Senate Bill 11) allows those licensed individuals to carry a concealed handgun in buildings on public university campuses, except in locations the University establishes as prohibited. Under the new law, openly carrying handguns is not allowed on college campuses. For more information, visit <http://www.uta.edu/news/info/campus-carry/>

Student Support Services:

UT Arlington provides a variety of resources and programs designed to help students develop academic skills, deal with personal situations, and better understand concepts and information related to their courses. Resources include [tutoring](#), [major-based learning](#)

[centers](#), developmental education, [advising and mentoring](#), personal counseling, and [federally funded programs](#). For individualized referrals, students may visit the reception desk at University College (Ransom Hall), call the Maverick Resource Hotline at 817-272-6107, send a message to resources@uta.edu, or view the information at <http://www.uta.edu/universitycollege/resources/index.php>.

Emergency Exit Procedures:

Should we experience an emergency event that requires us to vacate the building, students should exit the room and move toward the nearest exit. When exiting the building during an emergency, one should never take an elevator but should use the stairwells. Faculty members and instructional staff will assist students in selecting the safest route for evacuation and will make arrangements to assist individuals with disabilities.

Electronic Communication:

UT Arlington has adopted MavMail as its official means to communicate with students about important deadlines and events, as well as to transact university-related business regarding financial aid, tuition, grades, graduation, etc. All students are assigned a MavMail account and are responsible for checking the inbox regularly. There is no additional charge to students for using this account, which remains active even after graduation. Information about activating and using MavMail is available at <http://www.uta.edu/oit/cs/email/mavmail.php>.

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 face-to-face and online classes categorized as "lecture," "seminar," or "laboratory" are 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 via the SFS database is aggregated with that of other students enrolled in the course. Students' anonymity will be protected to the extent that the law allows. UT Arlington's effort to solicit, gather, tabulate, and publish student feedback is required by state law and aggregate results are posted online. Data from SFS is also used for faculty and program evaluations. 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.

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	

Name	
Phone	
e-mail	

Course Schedule

Week	Date	Topics	Chapter to read
1	1/16	An overview of financial system	1 & 2
	1/18	An overview of financial system	
2	1/23	What is money?	3
	1/25	What is money?	3
3	1/30	Understanding interest rates	4
	2/1	Understanding interest rates	4
4	2/6	The behavior of interest rates	5
	2/8	The behavior of interest rates	5
5	2/13	The risk and term structure of interest rates	6
	2/15	1st mid-term	
6	2/20	The stock market	7
	2/22	An economic analysis of financial structure	8
7	2/27	An economic analysis of financial structure	8
	3/1	Banking and management of financial institutions	10
8	3/6	Banking and management of financial institutions	10
	3/8	Banking industry: structure and competition	12
9	3/20	Banking industry: structure and competition	12
	3/22	Financial crises and the subprime debacle	9
10	3/27	Financial crises and the subprime debacle	11
	3/29	2nd mid-term	
11	4/3	Central banks and the Fed	13
	4/5	Central banks and the Fed	13
12	4/10	The European Central Bank	13
	4/12	The European Central Bank	13
13	4/17	The money supply process	14
	4/19	The money supply process	14
14	4/24	The money supply process	14
	4/26	Tools of monetary policy	15
15	5/1	Group Project Presentation	
	5/3	Group Project Presentation	
Final	5/8	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 February 27	Form your group and select a group leader whom I will contact throughout the semester.
March 29	Select your topic and inform it to me.
May 1, 3	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. Submit the final slides of the presentation by 5pm 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.**

Some sample topics from the previous semester (but not limited to)::

1. Failure of the financial system	7. Financial crisis response from central banks
2. Comparison between the Fed and ECB	8. The history of money
3. Local currency in the U.S.	9. Asymmetric information, information

4. The rise of Fintech	technology and financial crises
5. Crypto-currency and digital money	10. Unconventional monetary policy
6. Mortgage crisis	11. The rise and demise of conventional banking