

Economics 3229: Money, Banking and Financial Markets

Fall 2022

(Read and retain this syllabus. It's a living document, does not represent a written contract and any changes made will be announced on Canvas)

NOTE: All times indicated in the syllabus are Central Time Zone

CLASS FORMAT: Online, asynchronous lectures

INSTRUCTOR INFORMATION

Name: Jihyun Kim (she/her/hers)

Office Hours: **MWF 11:00 – 12:00 Zoom office hours. Please use the link below to join.**

<https://umsystem.zoom.us/j/99389191825>

(All times specified in this course are Central Time Zone)

Email: jkhm2@umsystem.edu

COURSE OVERVIEW

This course provides an overview of the working of the financial and economic system and seeks to provide an understanding of how a financial economy operates. Specifically, we will learn about subjects such as financial institutions, financial instruments, and the foreign exchange markets. Research in the areas of money, banking and financial markets is highly active, and deals with issues continuously in the news and the subject of vigorous policy debate. International concerns are also increasingly influencing the direction of discussion on financial economic issues. In the course, emphasis will be given to the role of asymmetric information in financial markets and associated regulatory issues that arise, the fundamentals of interest rates and financial institutions, the money supply process and the conduct of the Federal Reserve, the behavior of exchange rates and the international financial system, and rational expectations and the working of efficient markets.

COURSE GOALS

After completing the entire course, you should be able to:

1. Understand different parts of the financial system, links between different financial institutions and markets and their importance for sustained economic growth.
2. Understand interest rates and relationships between different interest rates, such as, federal funds rate, 10-year Treasury note rate, 30-year mortgage rate.
3. Understand objectives, operation and strategies of Federal Reserve System, the central bank of the United States.
4. Understand exchange rates of different currencies and how foreign exchange markets operate.

TEXTBOOK INFORMATION

Hubbard, R. Glenn and O'Brien, Anthony, *Money, Banking and the Financial System*, (Pearson, 2022), ISBN: 9780136893448. Having this textbook is required. The e-book access will be available on the Canvas course website under the category VS Materials.

Subscription to Wall Street Journal is also required. Wall Street Journal offers student monthly subscriptions for \$8 currently. The link to student subscriptions is [WSJ.com/studentoffer](https://www.wsj.com/studentoffer). Subscription includes full digital access including WSJ mobile and tablet app. I realize this is an additional cost for

students but as an upside, you don't have to pay for proctored services in course. Please let me know in advance if you have any questions gaining access.

EXPECTATION

- What to expect from a technology-enhanced Course – This course is designed virtually. It is essential that you access the course site Monday through Friday for course announcements, work on assignments, take online quizzes, exams, etc.
- What the instructors and your peers expect from you – By enrolling in this course, you have agreed to contribute to weekly discussions by accessing the discussion board regularly. This will require a team effort, with respect and help for each other, as we build a community of learners. We also expect that you will have a foundational understanding of Internet terms and functions. All general class correspondence should be submitted to the relevant Discussion Board forum; only personal or confidential matters should be directed to the instructor in e-mail.
- What to expect from the instructor – Monitor and facilitate class discussions (Monday through Friday), respond to private questions within 24 to 48 hours, provide timely feedback on general discussion board questions, and help to build a learning community.

PANOPTO INFORMATION

You may watch recordings online, or download them for off-line viewing on your computer, smartphone, or media player. These recordings are jointly copyrighted by the Curators of the University of Missouri and your instructor. Posting them to other website, including YouTube, Facebook, or any other site without express, written permission may result in disciplinary action and possible prosecution.

LECTURE SCHEDULE

Week	Week	Units	Unit Title	Reading
1 Aug. 22 - Aug. 26	1	1, 2	Introducing Money and the Financial System Money and Payments System	Chapter 1 Chapter 2
2 Aug. 29 - Sept. 2	2	3, 4	Interest rates and Rates of Return Determining Interest Rates	Chapter 3 Chapter 4
3 Sept. 5 - Sept. 9	3	5, 6	Risk Structure of Interest Rates Term Structure of Interest Rates <i>(Midterm 1)</i>	Chapter 5 Chapter 5
4 Sept. 12 - Sept. 16	4	7, 8	Asymmetric Information Economics of Banking	Chapter 9 Chapter 10
5 Sept. 19 - Sept. 23	5	9, 10	Shadow Banking System Financial Crises and Financial Regulation	Chapter 11 Chapter 12

6 Sept. 26 - Sept. 30	6	11, 12	Federal Reserve and Central Banking Money Supply Process (<i>Midterm 2</i>)	Chapter 13 Chapter 14
7 Oct. 3 - Oct. 7	7	13, 14	Monetary Policy The Market for Foreign Exchange	Chapter 15 Chapter 8
8 Oct. 10 - Oct. 14	8	15	International Financial System (<i>Final Exam</i>)	Chapter 16

WEEKLY ROUTINE

Every week you are expected to login to the course website no fewer than 2-3 times. Each week the course will have corresponding instructional units (we cover 2 units every week except of the last week) that includes your assigned reading from the textbook, instructor recorded videos, practice assignments, weekly discussion board questions, quizzes and homework. You should complete your readings and review the course notes before working on the quizzes. The details of each weekly assignments are specified below.

WEEKLY QUIZZES

This course uses weekly online quizzes to assess your comprehension of the assigned readings. These quizzes will be available every week in the Quizzes area of Canvas every Monday at 10 am until Thursday at 9 p.m. Quizzes are timed and you will have 30 minutes to complete 20 multiple-choice questions. You may take the quiz only once.

- Complete all the assigned readings (textbook, videos, etc.) prior to accessing the online quiz.
- You get to take 8 weekly online quizzes but only highest 7 count, meaning you can drop the lowest one (due technological errors, etc.)

WEEKLY DISCUSSION BOARD

Every Monday I will post a link to an article(s) from WSJ on the discussion board and ask several questions related to the article. You will need to read an article(s) and participate in the discussion on Canvas. Final postings commenting and reflecting upon comments of your peers should be made no later than 9 pm each Friday - late postings will not be given credit. Our course grader will be grading your discussion board postings (as well as homework assignments). If you have questions about the feedback on discussion board postings, please contact the grader directly. In addition, there will be few questions from these assigned WSJ articles on the exams. Out of 8 weekly discussions board postings, only the highest 7 count.

The following scale assesses the *quality* of your postings and not the quantity.

Weekly Discussion Posting Grading Criteria	Weekly Point Value (5)
<u>Meaningful Ideas</u> : Ideas or answers that directly relate to the question or topic.	4

<u>Message Coherence</u> : Messages that provide new perspectives or new questions, or elaborate and enrich other classmates' responses.	1
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i.e. Any additional comments simple as "I agree" or "I disagree" with someone's idea does not count for 1pt.

WEEKLY HOMEWORK

Every Monday homework assignments will be posted which includes several calculations or graph-based or analytical questions corresponding that week's lecture. You are supposed to download the file, complete the homework and upload back to Canvas by Friday 9:00 PM. You can do it several ways: one way is to download the file, type in your answers, use Microsoft draw tool to draw graphs, save the file and upload it back. Or, you print out the homework and write your answers by hand (you can also just write answers on a piece of paper) and then take a picture of your homework and upload as image file (note that Canvas does not read in HEIC files). Please make sure your uploaded is visible for grading.

- You can share ideas with someone else while working on homework but the final product that you upload must be your own effort. If we discover two identical answer sets submitted by students, both will receive score of zero for that homework. Further violations will result in reporting to the Office of Provost and failing the class.
- There are 8 homework assignments but only highest 7 count at the end of the semester.

EXAMS

You will need to take 3 exams in this course, two midterms and one final exam. The final exam is comprehensive. All exams are online on Canvas and don't need to be proctored. Exams are open books and open notes. Each midterm contains 40 multiple-choice questions and are timed to 60 minutes. The final exam contains 60 multiple-choice questions and is timed to 90 minutes. You have almost two-day window as indicated below to take the exams, and taking exams before or after the specified window is not allowed.

Midterm 1 – Sept. 8th - Sept. 9th, Thu, 8:00 AM to Fri, 9:00 PM – Units 1-6

Midterm 2 – Sept. 29th- Sept. 30th, Thu 8:00 AM to Fri, 9:00 PM – Units 7-12

Final Exam – Oct. 13th- Oct. 14th, Thu 8:00 AM to Fri, 9:00 PM – Units 1-15

GRADES

Plus/Minus grades will be determined on the basis of two midterm examinations, a comprehensive final examination, online quizzes, weekly discussion board postings and weekly homework assignments. A maximum of 525 points can be earned in the course. The two midterm examinations will be worth 80 points each, the final will be worth 120 points, each quiz will be worth 20 points, weekly discussion board postings are 5 points each and weekly homework assignments are 10 points each. As far as quizzes, discussion board and homework assignments go, you can drop the lowest. There are no make-up examinations.

First midterm	40 questions, 2 points each, 60 minutes	80
Second midterm	40 questions, 2 points each, 60 minutes	80
Online quizzes	20 questions, 1 points each, 30 minutes	140
Final Exam	60 questions, 2 points each, 90 minutes	120

Discussion board postings	8 discussion board threads, highest 7	35
Homework	8 assignments every week, highest 7	70
Total course points		525

The letter grade is assigned based on the total points you can earn. Here are the typical lower cutoffs:

A	90% (472.5 points) or more
B	80% (420 points) or more
C	70% (367.5 points) or more
D	60% (315 points) or more
F	below 60% (315 points)

Plus/minus grades:

For each letter grade, the bottom and top 3% respectively determine the minus/plus grades. Example: 83% to strictly less than 87% = “B”, and:

80% to strictly less than 83% = “B-”
87% to strictly less than 90% = “B+”

HELP AVAILABLE

If you are having any technical difficulties (e.g. logging in, accessing the discussion board) please e-mail helpdesk@missouri.edu or contact *DoIT Help Desk* at 573-882-5000 (toll-free at 866-241-5619)

ACADEMIC INTEGRITY

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person’s work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor or the [Office of Academic Integrity](#).

Students are expected to adhere to this honor pledge on all graded work whether or not they are explicitly asked in advance to do so: “I strive to uphold the University values of respect, responsibility, discovery, and excellence. On my honor, I pledge that I have neither given nor received unauthorized assistance on this work.”

ACCOMMODATION OF DISABILITIES

The goal of the University of Missouri is to ensure an inclusive learning environment for all students. [The University of Missouri Disability Center](#) provides services and accommodations for students to participate fully in the learning experience and to experience equitable evaluation of their

performance. Students (including online students) with a documented disability can contact the Disability Center to establish an [Accommodation Plan](#). Documented disabilities include hearing, vision, mobility, learning and attention, psychological health, and physical health. Students' accommodations are implemented with the input of students to maximize the learning experiences. The MU Disability Center keeps information about a student's disability confidential.

Please notify me of your eligibility for accommodations as soon as possible. Additionally, if there are aspects of the course that present as barriers, such as inaccessible course content (e.g., learning assessments, PowerPoints, non-captioned videos, images, tables, PDFs) or if you need an immediate accommodation due to an injury, please contact me or the Disability Center as soon as possible.

INTELLECTUAL PLURALISM

The University community welcomes intellectual diversity and respects student rights. Students who have questions or concerns regarding the atmosphere in this class (including respect for diverse opinions) may contact the departmental chair or divisional director, the [Office of Academic Integrity](#), or the [MU Equity Office](#).

ACADEMIC INQUIRY, COURSE DISCUSSION, AND PRIVACY

When students record something that happens in a course (a lecture, class discussions, meetings, etc.) it has an impact on the rights of the people captured in that recording. For example, the instructor and the University may have rights to the intellectual property contained in that recording. At the same time, another student who may have been recorded has the right to privacy. In order to protect these rights, MU employs a policy (called "Executive Order No. 38") to govern both situations you may encounter while taking a course – when an instructor allows recordings and when they do not.

The detailed instruction is specified under the subsection **Panopto Information**.

Students who violate this policy are subject to discipline in accordance with provisions of section [200.020](#) of the Collected Rules and Regulations of the University of Missouri pertaining to student conduct matters.

FERPA

The Family Educational Rights and Privacy Act (FERPA) of 1974 is a federal law designed to protect the privacy of educational records; to establish the rights of students to inspect and review their education records; and to provide guidelines for the correction of inaccurate and misleading data through informal and formal hearings. The law applies to any individual who is or has been in attendance at an institution and regarding whom the institution maintains educational records. Once students have matriculated to the University of Missouri, i.e. enrolled in course work, FERPA rights transfer to the student, regardless of the student's age.

Students can enable certain individuals to have access to their education records by signing a FERPA waiver. The consent must specify records to be disclosed, state the purpose of the disclosure and identify the party or class of parties to whom the disclosure must be made.

NONDISCRIMINATION POLICY

The University of Missouri does not discriminate on the basis of race, color, national origin, ancestry, religion, sex* (including gender), pregnancy, sexual orientation, gender identity, gender expression, age, disability, protected veteran status, and any other status protected by applicable state or federal law. Discrimination includes any form of unequal treatment such as denial of opportunities, harassment, and violence. *Sex discrimination includes rape, sexual assault, sexual harassment, unwanted touching, stalking, dating/domestic violence, stalking, and sexual exploitation. Retaliation for making or supporting a report of discrimination or harassment is also prohibited.

If you experience discrimination or sexual violence, you are encouraged (but not required) to report the incident to the MU Office for Civil Rights & Title IX. Learn more about your rights and options at civilrights.missouri.edu or call 573-882-3880. You also may make an anonymous report online.

If you are a survivor, or someone concerned about a survivor, and need immediate information on what to do, see RSVP Resources page. Both the Office for Civil Rights & Title IX and the RSVP Center can provide assistance to students who need help with academics, housing, or other issues.

In the event that you choose to write or speak about having experienced any of these forms of prohibited discrimination or harassment, Mizzou policies require that, as your instructor, I share this information with the MU Office for Civil Rights & Title IX. They will contact you to offer information about resources, as well as your rights and options as a member of our campus community.

MENTAL HEALTH

The University of Missouri is committed to supporting student well-being through an integrated network of care, with a wide range of services to help students succeed. The MU Counseling Center offers professional mental health care, and can help you find the best approach to treatment based on your needs. Call to make an appointment at 573-882-6601. Any student in crisis may call or go to the MU Counseling Center between 8:00-5:00 M-F. After hours phone support is available at 573-882-6601.

Visit our website at <https://wellbeing.missouri.edu/> to take an online mental health screening, find out about workshops and resources that can help you thrive, or learn how to support a friend. Download Sanvello, a phone app that teaches skills and strategies to help you maintain good mental health. Log in with your Mizzou e-mail to unlock all the tools available through Sanvello at no additional cost to you.

LAST DATE OF ATTENDANCE AND IMPACT ON FINANCIAL AID

Federal regulations for financial aid require the student financial aid office to document the attendance of students who have received federal financial aid if they do not successfully complete any courses during the term. As a result, the last day of attendance (or activity) for any student receiving an F, U, or FN in this course will be recorded in the grade roster and reported to the financial aid office. **Based on the last day of attendance, students may be required to repay a portion of their financial aid award for the semester.**

A student's last day of attendance (or activity) is the last day on which a student participates in an academically-related activity at the University. These include:

- Attendance in class, lab, or an instructor's office hours
- The completion of an assignment or examination
- An appointment with a professor or e-mail correspondence regarding course material
- (Online courses only) For online courses, the last day a student submits an assignment or exam. Only logging into an online class without participating is *not* acceptable for last day of attendance

Please note that discussing a course withdrawal or notifying the instructor of an absence in class does not constitute participation for financial aid purposes. Moreover, any office hour visits or email correspondence must be related to the course material.

NETIQUETTE

Your instructor and fellow students wish to foster a safe online learning environment. All opinions and experiences, no matter how different or controversial they may be perceived, must be respected in the tolerant spirit of academic discourse. You are encouraged to comment, question, or critique an idea but you are not to attack an individual. Our differences, some of which are outlined in the University's nondiscrimination statement, will add richness to this learning experience. Please consider that sarcasm and humor can be misconstrued in online interactions and generate unintended disruptions. Working as a community of learners, we can build a polite and respectful course ambiance.

RELIGIOUS HOLIDAYS & ACCOMMODATIONS

Many religious faiths are represented in the student body. The University of Missouri does not restrict student free exercise of religion, unless 1) the restriction is in the form of a rule of general applicability, and does not discriminate against religion or among religions; and 2) it can be demonstrated that the application of the restriction is essential to furthering a compelling university interest, and is not unduly restrictive considering the relevant circumstance. The policy of the University attempts to strike a reasonable balance between accommodating the religious practice of students and meeting academic needs and standard.

Consult IDE's [Guide to Religions](#) for the form that can be used to notify an instructor of an absence associated with religious practice. Students are expected to notify their instructor(s) by completing and submitting this form in a manner that is consistent with the procedure outlined in the university's policy on student religious accommodation. Providing false information regarding sincerely held religious practice is a violation of the university's Standard of Conduct and will not be tolerated.