

**ESSEX COUNTY COLLEGE**  
**Business Division**  
**FIN 201 – Money and Banking**  
**Course Outline**

**Course Number & Name:** FIN 201 Money and Banking

**Credit Hours:** 3.0    **Contact Hours:** 3.0    **Lecture:** 3.0    **Lab:** N/A    **Other:** N/A

**Prerequisites:** Grades of “C” or better in ECO 101 and ECO 102

**Co-requisites:** None

**Instructor:** TBA

**Email:** TBA

**Office Hours:** By appointment

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**Course Description:** This course mainly discusses the role of financial institutions, the banking system, the Federal Reserve System, and the nature and effectiveness of monetary policy tools. It systematically discusses (i) money and its functions, (ii) financial markets, (iii) financial institutions, (iv) central banking and the conduct of monetary policy, (v) international finance and monetary policy, and (vi) monetary theory.

**Textbook:** *The Economics of Money, Banking, and Financial Markets*, 8<sup>th</sup> edition, by Frederic S Mishkin; published by Addison and Wesley, 2010.

**Course Goals:** Upon successful completion of this course, students should be able to do the following:

1. explain the major functions of money and describe the factors affecting the supply and demand for money in an economy;
2. explain the roles of banking and the financial system in the functioning of an economy;
3. explain the basic operation of banks, the structure of the banking industry, and the major regulatory processes controlling banks;
4. explain the purpose and basic operation of the Federal Reserve System and central banks in general and the application of monetary policy to manage the money supply;
5. describe the various exchange rate regimes and explain the process for determining exchange rates in the foreign exchange markets;
6. evaluate the effect of monetary policy on output and prices using an analysis of aggregate demand and supply.

**Measurable Course Performance Objectives (MPOs):** Upon successful completion of this course, students should specifically be able to do the following:

1. Explain the major functions of money and describe the factors affecting the supply and demand for money in an economy:
  - 1.1 *identify and explain the functions of money;*
  - 1.2 *distinguish between real and nominal magnitudes; and*
  - 1.3 *explain the relationships between aggregate output, price levels and inflation*
  
2. Explain the roles of banking and the financial system in the functioning of an economy:
  - 2.1 *identify the role of the financial institutions in the economy;*
  - 2.2 *explain how interest rates are measured;*
  - 2.3 *describe the relationship between the interest rate and bond prices; and*
  - 2.4 *indicate, with suitable diagrams, how changes in the demand and supply of bonds affect interest rates*
  
3. Explain the basic operation of banks, the structure of the banking industry, and the major regulatory processes controlling banks:
  - 3.1 *Identify and explain the basic operations of the banks; and*
  - 3.2 *flowchart and label the major components of the US banking structure*
  
4. Explain the purpose and basic operation of the Federal Reserve System and central banks in general and the application of monetary policy to manage the money supply:
  - 4.1 *list the monetary tools of the Federal Reserve System and assess the effectiveness of each; and*
  - 4.2 *compare the operations of the Federal Reserve System of the US to the equivalent system of other major countries*
  
5. Describe the various exchange rate regimes and explain the process for determining exchange rates in the foreign exchange markets:
  - 5.1 *identify and describe the exchange rate regimes; and*
  - 5.2 *explain the process for determining exchange rates in the foreign exchange markets*
  
6. Evaluate the effect of monetary policy on output and prices using an analysis of aggregate demand and supply:
  - 6.1 *explain how changes in monetary policy affect aggregate output and price levels; and*
  - 6.2 *examine the relationship between money supply and inflation*

**Methods of Instruction:** Instruction will consist of a combination of lectures, assignments, class participation and workshops.

**Outcomes Assessment:** Test and exam questions are blueprinted to course objectives. Data are collected and analyzed to determine the level of students' performance on these assessment

instruments in regards to meeting course objectives. The results of this analysis are further used to guide necessary pedagogical and/or curricular revisions.

**Course Requirements:** All students are required to:

1. Maintain regular attendance and complete all assigned homework on time.
2. Actively participate in class discussions and workshops.
3. Read the recommended textbook and continuously explore other related resource materials.
4. Take all tests and exams when scheduled.

**Attendance Policy:** Regular and prompt attendance is essential for academic success. Faculty members take attendance at each scheduled class session. Students are expected to attend and be on time for all classes. Individual faculty members may establish specific attendance policies. Attendance records will be turned in to the appropriate Division/Department Chair and/or Program Director at the end of the term and in the interim upon request. Any students with more than three unexcused absences will automatically fail the course.

**Methods of Evaluation:** Final course grades will be computed as follows:

<b>Grading Components</b>	<b>% of final course grade</b>
<ul style="list-style-type: none"> <li>• <b>Attendance &amp; Class Participation and Homework</b> To assess students understanding of money and banking concepts, homework problems are designed to relate and apply real-life situations to what is learnt in class. All other class participation, including in workshops and attendance, is rewarded accordingly.</li> </ul>	<b>15 – 25%</b>
<ul style="list-style-type: none"> <li>• <b>In-class Tests</b> (dates specified by the instructor) Tests will show evidence of the extent to which students meet course objectives including but not limited to identifying and applying concepts, understanding terms and demonstrating evidence of basic foundations of money and banking.</li> </ul>	<b>45 – 55%</b>
<ul style="list-style-type: none"> <li>• <b>Final Exam</b> The final exam will examine the extent to which students have understood and synthesized course content and achieved all course objectives.</li> </ul>	<b>20 – 30%</b>

**NOTE:** The instructor will provide specific weights, which lie in the above-given ranges, for each of the grading components at the beginning of the semester. Also, students should be apprised of their performance on an ongoing basis throughout the semester.

**Grading System:**

<b>A</b>	<b>90% - 100%</b>	<b>Superior</b>
<b>B+</b>	<b>87% - 89%</b>	<b>Very Good</b>
<b>B</b>	<b>80% - 86%</b>	<b>Good</b>
<b>C+</b>	<b>77% - 79%</b>	<b>Above Average</b>
<b>C</b>	<b>70% - 76%</b>	<b>Satisfactory</b>
<b>D</b>	<b>60% - 69%</b>	<b>Passing</b>
<b>F</b>	<b>59% - 0</b>	<b>Failing</b>

**Academic Integrity:** Dishonesty disrupts the search for truth that is inherent in the learning process and so devalues the purpose and the mission of the College. Academic dishonesty includes, but is not limited to, the following:

- plagiarism – the failure to acknowledge another writer’s words or ideas or to give proper credit to sources of information;
- cheating – knowingly obtaining or giving unauthorized information on any test/exam or any other academic assignment;
- interference – any interruption of the academic process that prevents others from the proper engagement in learning or teaching; and
- fraud – any act or instance of willful deceit or trickery.

Violations of academic integrity will be dealt with by imposing appropriate sanctions. Sanctions for acts of academic dishonesty could include the resubmission of an assignment, failure of the test/exam, failure in the course, probation, suspension from the College, and even expulsion from the College.

**Student Code of Conduct:** All students are expected to conduct themselves as responsible and considerate adults who respect the rights of others. Disruptive behavior will not be tolerated. All students are also expected to attend and be on time all class meetings. No cell phones or similar electronic devices are permitted in class. Please refer to the Essex County College student handbook, *Lifeline*, for more specific information about the College’s Code of Conduct and attendance requirements.

**Course Content Outline:** This is a tentative course schedule; the instructor reserves the right to make changes on it to make it better for the student's development. Notice will be given should any changes take place.

**Class Meeting**

<b>(90 minutes)</b>	<b>Topics to be Covered/ Class Activities</b>	<b>Chapter Number</b>
1 – 2	Orientation & Course Introduction/Review of Class Syllabus	
3 – 4	Why Study Money, Banking, and Financial Markets	1
	An Overview of the Financial System	2
5	What is Money	3
	Understanding Interest Rates	4
6	<b>Test #1</b> on Chapters 1, 2, 3 and 4	
7	The Behavior of Interest Rates	5
8	An Economic Analysis of Financial Structure	8
	Banking and the Management of Banking Institutions	9
9 – 10	Banking Industry: Structure and Competition	10
	Class Workshop and Revision	
11	<b>Test #2</b> on Chapters 5, 8, 9 and 10	
12	Economic Analysis of Banking Regulation	11
13	Structure of Central Banks and the Federal Reserve System	12
14 – 15	Multiple Deposit Creation and the Money Supply Process	13
	Determinants of the Money Supply	14
16	<b>Test #3</b> on Chapters 11, 12, 13 and 14	
17	Tools of Monetary Policy	15
18	What Should Central Banks Do?	16
19 – 20	The Foreign Exchange Market	17
	The International Financial System	18

21 – 22	The Demand for Money	19
23 – 24	Aggregate Demand and Supply Analysis	22
	Money and Inflation	24
25	Class Workshop and Revision	
26	<b>Final Exam</b> on Chapters 15, 16, 17, 18, 19, 22 and 24	