Syllabus

EC311 Money, Credit, and Banking

## Spring 2019

# Instructor Information

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| Instructor | Email | Office Location & Phone Numbers |
| **David A. Dyer** | ddyer@centralmethodist.edudadyer@dadyer.com | **LOZ Campus****573-693-1398 or** **407-800-5707 cell or text** |

# Contact Information and Office Hours: Contact me at the above e-mail addresses or telephone numbers. I am available to help you at any time you need assistance – 24/7. If you are studying economics at midnight and need clarification or help understanding a concept you are working on, call me. If I am awake, I will take your call and help you. If I am not able to take your call, leave your name, number, and the best time to call you back and I will do so ASAP.

## Class Meeting Times

January 14th – March 8th

Monday & Wednesday 5:00 PM – 7:30 PM

LOZ Campus

## CMU Mission Statement

Central Methodist University prepares students to make a difference in the world by emphasizing academic and professional excellence, ethical leadership, and social responsibility.

## CMU Educational Goals

The Central Methodist University experience engenders, through the academic program and opportunities for

practical experiences, student growth in knowledge, personal integrity, spirituality, and professional competence. In

addition, students are challenged to develop a sense of global citizenship and a commitment to the betterment of the

world. Students with a CMU education are prepared to:

* Demonstrate knowledge of the liberal arts and academic specialties as well as technical skills and professional competencies.
* Think critically and conceptually and apply their knowledge and skills to the solving of problems.
* Communicate accurately and effectively through listening, speaking and writing.
* Continue to develop self-knowledge, confidence, and a sense of honor and commitment by assuming responsibility and leadership in the service of others.
* Seek an understanding of ideas, issues, and events within and beyond their immediate community and appreciate the gifts of diversity.
* Evaluate their personal strengths and abilities, and explore appropriate career choices in a changing world.
* Have the courage to make decisions based on consideration of ethical, aesthetic, economic and environmental consequences.
* Commit to a life exemplifying values in relationships with self, family, church, university, and community.

# General Information

## Course Description

Examination of the role of money, financial markets, and financial intermediation in the American economy, with a focus on commercial banks. Includes an in-depth look at the money supply process and the Federal Reserve System. Prerequisites: EC201 and EC202.

This course is designed to provide you with a thorough understanding of the importance of money, banking, and financial markets of a developed economy.  Money, financial institutions, and financial markets have emerged as instruments of payments for the services of factors of production, such as labor and capital.  The use of money facilitates business in a market by acting as a common medium of exchange.  Of course, as that market expands and develops on a national and international level, the importance of money, banking, and other financial markets expands to accommodate innumerable exchanges. This course will allow you to examine not only the origins and nature of money, but also the institutions and markets that have evolved to enable the exchange of goods and services worldwide.  It will provide you with the opportunity to examine the instruments and strategies assisting production, distribution, and consumption.  Also, this course will help you develop an appreciation for important concepts in economics, from interest rates and central banking to stocks, bonds, and foreign exchange.

### Learning Outcomes

Upon successful completion of this course, the student will be able to:

* Identify the six parts of the financial system.
* The five core principles of money and banking.
* Define money and how we use it.
* Demonstrate an understanding of financial markets, instruments, and institutions.
* Understand the concepts of present value, future value, and interest rates.
* Define risk and how it is measured.
* Demonstrate an understanding of bonds, bond prices, and the determination of interest rates.
* Understand the essential characteristics of stocks and how they are valued.
* Understand derivatives: futures, options, and swaps.
* Demonstrate an understanding of the economics of financial intermediation.
* Explain the structure of the financial industry.
* Understand the regulation of the financial industry, inflation, output, and monetary policy.

## Additional Expectations and Goals of this course

Upon completion of this course, you should be able to:

1. Understand financial market news.

2. Understand how the collective action of the Central Bank, the Banking System,

and the public determine prices of financial and real assets.

3. Understand how business cycle forces influence prices of bonds, stocks, and

exchange rates.

4. Understand the relevance of economic indicators to profit maximizing or loss

minimizing strategies of your firm’s domestic or international operations in the

immediate future.

5. Use the derivative markets to reduce risks of capital losses or to speculate for profit.

## Course Materials

# Required Textbook

Money, Banking, and Financial Markets with Connect/LearnSmart, Cecchetti, Stephen, 5e, McGraw-Hill Publishing Company 1/1/2017



Information Center: <http://highered.mheducation.com/sites/007802174x/information_center_view0/index.html>

Student Resources: <http://highered.mheducation.com/sites/007802174x/student_view0/index.html>

## Course Schedule (Tentative - Subject to change at the discretion of the instructor.)

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| Week | Dates | Activity |
| 1 | 01/14 – 01/20 | Chapter 1: An Introduction to Money and the Financial SystemChapter 2: Money and the Payments SystemConnect Assignments: Chapters 1 & 2 (Due Sunday, 01/20 @ 11:59 PM) |
| 2 | 01/21 – 01/27 | Chapter 3: Financial Instruments, Financial Markets, and Financial InstitutionsChapter 4: Future Value, Present Value, and Interest RatesConnect Assignments: Chapters 3 & 4 (Due Sunday, 01/27 @ 11:59 PM) |
| 3 | 01/28 – 02/03 | Exam 1 Chapter 1 - 4 (Opens 1:00 AM, 01/28 and closes at 11:59 PM, 02/03)Chapter 5: Understanding RiskChapter 6: Bonds, Bond Prices, and the Determination of Interest RatesConnect Assignments: Chapters 5 & 6 (Due Sunday, 02/03 @ 11:59 PM) |
| 4 | 02/04 – 02/10 | Chapter 7: The Risk and Term Structure of Interest RatesChapter 8: Stocks, Stock Markets, and Market EfficiencyConnect Assignments: Chapters 7 & 8 (Due Sunday, 02/10 @ 11:59 PM) |
| 5 | 02/11 – 02/17 | Exam 2 Chapters 5 – 8 (Opens 1:00 AM, 02/11 and closes at 11:59 PM, 02/17)Chapter 11: The Economics of Financial IntermediationChapter 12: Depository Institutions: Banks and Bank ManagementConnect Assignments: Chapters 11 & 12 (Due Sunday, 02/17 @ 11:59 PM) |
| 6 | 02/18 – 02/24 | Chapter 13: Financial Industry StructureChapter 14: Regulating the Financial Industry Connect Assignments: Chapters 13 & 14 (Due Sunday, 02/24 @ 11:59 PM) |
| 7 | 02/25 – 03/03 | Chapter 21: Output, Inflation, and Monetary PolicyChapter 22: Understanding Business Cycle FluctuationsConnect Assignments: Chapters 21 & 22 (Due Sunday, 03/03 @ 11:59 PM) |
| 8 | 03/04 – 03/08 | Exam 3 Chapters 11, 12, 13, 14, 21, 22 (Due Friday, 03/08 @ 11:59 PM) |

## Attendance Policy

The University's attendance policy statements appear in the CLAS catalog at:

(<http://www.centralmethodist.edu/academics/catalog/clas-catalog/policies/general-academic-regulations.php>[)](http://www.centralmethodist.edu/catalog/clas/policies/academic-regulations.php#class)

And in the CGES catalog at [(](http://www.centralmethodist.edu/catalog/cges/policies/academic-regulations.php#class)[http://www.centralmethodist.edu/academics/catalog/cges-catalog/policies/general-academic-regulations.php](http://www.centralmethodist.edu/academics/catalog/clas-catalog/policies/general-academic-regulations.php)[)](http://www.centralmethodist.edu/catalog/cges/policies/academic-regulations.php#class).

This is an eight-week course. Therefore, every class meeting covers a lot of material. Missing class means you miss being exposed to a lot of information and the opportunity to not only interact with other students but have difficult concepts explained more fully. It is imperative that you attend every class.

## Grading Policy

Your grade in this course will be based on the following criteria:

Connect & LearnSmart Assignments – 40% of final grade

3 Exams worth 20% each.

Homework, quizzes, and exams will generally be completed online. However, there may be quizzes given at the beginning of some classes. For in-class quizzes there will be no make-ups available and you will receive a zero if you miss them. Hint: Attend every class and be on time.

The following grading scale will be used:

90-100% = A

80-89% = B

70-79% = C

60-69% = D

0-59% = F

## Make-up Exams

You are allowed 6 days to complete each assignment. Therefore, all assignments must be completed during the six-day period for full credit. In the event of an emergency preventing you from completing your assignments, an extension may be granted at the discretion of your instructor.

## Withdrawal Policy

Students who wish to withdraw from the course are responsible for completing all the requirements according to CMU policy.

Consult the College Calendar for withdrawal dates with or without a “W” grade.

## Additional Information and Resources

* Common Core Competencies: [<http://www.centralmethodist.edu/academics/catalog/clas-catalog/academic-requirements/degree-requirements.pdf#search=COMMON%20CORE%20COMPETENCIES>](http://www.centralmethodist.edu/academics/catalog/clas-catalog/policies/general-academic-regulations.php)
* Attendance Policy: The University's attendance policy statements appear in the CLAS catalog

(<http://www.centralmethodist.edu/academics/catalog/clas-catalog/policies/general-academic-regulations.php>[)](http://www.centralmethodist.edu/catalog/clas/policies/academic-regulations.php#class) and in the CGES catalog [(](http://www.centralmethodist.edu/catalog/cges/policies/academic-regulations.php#class)[http://www.centralmethodist.edu/academics/catalog/cges-catalog/policies/general-academic-regulations.php](http://www.centralmethodist.edu/academics/catalog/clas-catalog/policies/general-academic-regulations.php)[)](http://www.centralmethodist.edu/catalog/cges/policies/academic-regulations.php#class).

* Students with Disabilities

If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share with me, or if you need to make arrangements in case the building must be evacuated, please let me know as soon as possible.

If disability related accommodations are necessary (for example, a note taker, extended time on exams, captioning), please establish an accommodation plan with the Disability Center (<http://www.centralmethodist.edu/academics/learning-teaching/disability-accommodations.php>), and then notify me of your eligibility for reasonable accommodations. For other CMU resources for persons with disabilities, click on "Disability Resources" on the CMU homepage.

* Academic Conduct:Consult the CLAS catalog

([http://www.centralmethodist.edu/academics/catalog/clas-catalog/policies/recognitions-sanctions.php](http://www.centralmethodist.edu/academics/catalog/clas-catalog/policies/general-academic-regulations.php))

or the CGES catalog

([http://www.centralmethodist.edu/academics/catalog/cges-catalog/policies/recognitions-sanctions.php](http://www.centralmethodist.edu/academics/catalog/clas-catalog/policies/general-academic-regulations.php))

for the University's Academic Conduct policy statement.