

ECO-3100 A & B - Money and Banking

Spring 2008

Section A: **Time:** T - R, 1:30 - 3:00 pm **Room:** LECT Cowan

Section B: **Time:** T - R, 5:00 - 6:20 pm **Room:** 303 Cowan

Instructor: Dr. Alexander G. Kondeas

Office Hours: M 3:00 - 3:30 & 4:30 - 5:30 pm

Email: akondeas@gborocollege.edu

T 3:00 - 3:30 pm

Phone: 272-7102 ext.352

W 3:00 - 3:30 & 4:30 - 7:30 pm

Office: 206 Odell

R 3:00 - 3:30 pm

Text: Mishkin, Frederic S., The Economics of Money, Banking, and Financial Markets, 8th edition, Addison-Wesley, 2006b.

Financial calculator: HP10B, or HP10BII [Students are responsible for learning how to use the calculator effectively. Instruction is provided in class.]

Course Description: This course will provide students with a basic knowledge of the U.S. financial system. Topics to be covered include: nature of money, money supply creation and control, behavior of interest rates, risk and term structure of interest rates, portfolio choice, financial institutions, elements of bank management, and analysis of banking regulation.

The course objective is to help students understand the purpose and inner workings of the banking industry, and become capable of articulating opinions about current macroeconomic and monetary issues. Through problems, exams, a paper and a presentation, the course will help students develop an understanding of economic theory and practice, as well as develop their critical thinking, reading, listening, and speaking skills.

Prerequisites: ECO-1100 and ECO-1120.

Tentative Course Outline:

Part One, Chapters 1, 3, 12, 13, 14, 15 Exam-1 (35% of grade), around February 19.

Part Two, Chapters 4, 5, 6 Exam-2 (35% of grade), around April 1.

Part Three, Chapters 2, 8, 9, 10, 11 Team paper and presentation about a bank of your choice (30% of grade), May 1.

Class policies:

a) Work load.

This is a 4 credit hour course therefore students should expect to devote 10 hours per week on this class. Since only 3 hours per week are spent in class, students should expect to spend an additional 7 hours per week on individual and group work outside the classroom.

b) Attendance.

Students are expected to attend every class, and take exams at the set dates. Students are allowed 5 absences. Students who incur more absences may be dropped from the course with a grade of W or WF depending of the date they are dropped from the class.

c) Exams

Students are expected to bring their financial calculator to exam sessions. No cell phone calculators will be allowed during examinations. Cell phones must be stored away during examinations.

d) Make up exams.

Students who must miss an exam must notify the instructor before the exam date, and make arrangements to take the make-up exam within the week following the missed exam.

e) Grades

A	93 and above	C+	77-79	F	59 and bellow
A-	90-92	C	73-76		
B+	87-89	C-	70-72		
B	83-86	D+	67-69		
B-	80-82	D	60-66		

f) Academic accommodations.

Students with learning or physical differences requiring special accommodations for completing course requirements must provide the instructor with a completed Accommodations Agreement at the beginning of the semester, and meet with the instructor in a timely fashion on how to best modify the specific course requirement.

g) Honor code.

All work submitted for evaluation should conform to the college Honor Code. The instructor expects students to be familiar with this code and to fully abide by it. Violations to this code will be treated in accordance with the College procedures.

MONEY AND BANKING PAPER

The following issues will need to be addressed when analyzing a banking institution. Students should follow this outline (**section 2, 3, 4, 5, 6**), and develop each section of their paper soon after the material is covered in class. This way papers will be developed gradually over the last month of the class and will not tax student time during the last and usually busiest days of the semester. Notice that sections 2, 3, 4, and 5 are descriptive in nature, therefore you should allocate most of your work covering section 6, which focuses on the analysis of your chosen institution.

1. Choose a Bank

Websites providing a wealth of data for your purposes:

National Information Center: www.ffiec.gov/nic

Federal Deposit Insurance Corporation: www2.fdic.gov/id

Securities and Exchange Commission: www.sec.gov/edaux/searches.htm

Websites of individual banks, and/or any other relevant sources of your choice.

2. Bank Structure

State, Regional, Super-regional, National, International

Holding company

Branching

3. Bank Products

Traditional: Different types of loans

Insurance products

Money management

Brokerage services

Securities underwriting

Real estate

4. Bank Competition

Other Banks: Commercial, Savings & Loans, Credit Unions

Non-Banks: Mutual Funds, Insurance Companies, Investment Banks, Brokerage Houses

Domestic versus International Competition

5. Bank Regulation

Bank supervision by state and/or federal authorities

Federal Reserve/ Office of the Comptroller of the Currency/ FDIC

Compliance with disclosure requirements, required reserves, etc

6. Bank Management

Profitability

Liquidity Management

Asset Management

Liability Management

Capital Adequacy Management

Credit Risk Management

Interest Rate Risk Management

Off-balance Sheet Activities:

- Bankers' Acceptances

- Lines of Credit

- Derivatives for hedging and/or trading purposes.

Abbreviated Course Syllabus

Course Number: **ECO 3100**

Course Title: **Money and Banking**

Faculty that taught this course during the self-study year: Alexander G. Kondeas

List of textbooks and required supplements used: Mishkin, Frederic S., The Economics of Money, Banking, and Financial Markets, 8th edition, Addison-Wesley, 2006b.

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Course outline (chapter/topic) and class sessions

CHAPTER	TOPICS	CLASS SESSIONS/ CONTACT HOURS
1	Money, Banking, Financial Markets	1 / (1.5 hours)
3	Evolution, Function, and Measurement of Money	2 / (3 hours)
12	Central Banks and the Federal Reserve System	1 / (1.5 hours)
13	Multiple Deposit Creation and Money Supply Process	2 / (3 hours)
14, 15	Money Supply Determinants, Monetary Policy Tools	3 / (4.5 hours)
4	Measuring Interest Rates	3 / (4.5 hours)
5	Behavior of Interest Rates and Forecasting	3 / (4.5 hours)
6	Risk and Term Structure of Interest Rates	3 / (4.5 hours)
2, 8	Financial Markets and Institutions	2 / (3 hours)
9	Bank Management	4 / (6 hours)
10, 11	Banking Industry Structure and Regulation	2 / (3 hours)
	Exams and Cases	3 / (4.5 hours)
	TOTAL	29 / (43.5 hours)

Under the College's 4 credit-hour system, significant work beyond the classroom contact hours is expected.

Summary of CPC Coverage in terms of contact hours

CPC TOPIC	HOURS
Marketing	0
Finance	5
Accounting	4
Management	7.5
Legal Environment	3
Economics	30
Business Ethics	2
Global Business	1
Information Systems	0
Quantitative Techniques	9
Comprehensive/Integrating Experience	1.5
TOTAL	63