

University of Waterloo
Department of Economics
ECON 206-003
Money and Banking 1
Winter 2017
Tuesday and Thursday, 2:30PM - 3:50PM, PHY 313

Instructor

Instructor: Maria Viola

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Office Hours: Wednesday, 10.30am-11.30am

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When sending e-mails, "Econ 206-03" must appear in the subject line and the message must include your full name and ID number. E-mail is for administrative concerns only. I will be available during office hours, or by appointment, to discuss course material. Group consultations are welcomed.

Course Description

The course is an introduction to the study of banking and financial markets. With a special emphasis on the Canadian economy, its goal is to introduce students to how financial markets and financial institutions work and to explore the role of money in the economy. The course will also provide a consistent framework to understand the determination of the term structure of interest rate and of stock prices, and main tools of monetary policy.

Course Goals and Learning Outcomes

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

1. understand how financial markets work;
2. learn about financial institutions and financial regulation;
3. deepen their knowledge of central banking and the conduct of monetary policy;

Required Text

Mishkin, Frederic S. and Apostolos Serletis, **The Economics of Money, Banking, and Financial Markets, 6th Canadian Edition**. Toronto: Pearson, 2016.

Readings Available on LEARN

Note: Lecture slides presented in class will be posted on LEARN before class. Exercises and multiple choice questions AK will NOT be posted on LEARN. <http://learn.uwaterloo.ca>

Course Requirements and Assessment

The course grade will be based on three midterm exams and a final examination which will be held during the Official Examination Schedule. For the exams, you will be held responsible for material covered in: (i) the relevant chapters of MS's textbook, (ii) the lecture notes (iii) in-class exercises.

Assessment	Date of Evaluation	Weighting
Midterm 1	Feb 2, 2017	25%
Midterm 2	March 21, 2017	25%
Final Exam	TBA	50%
Total		100%

Assessment

The format of Midterms will be multiple choice questions. Midterms' marks will be posted on LEARN. The Final Exam will have a multiple choice part and a written part.

Examination Policy

The final exam period for the Winter Term 2017 is April. Students are expected to be available during this time. Travel plans are not acceptable grounds for granting an alternative final examination time. The exact date and time for the final exam for this class will be determined by the Registrar's Office. The exam schedule is posted online, will be announced in class, and posted on LEARN. <http://uwaterloo.ca/registrar/final-examinations/examination-regulations-and-related-matters>.

Missing a Midterm Due to Illness During the Term

The midterm exam schedule has been set and will not be changed for whatever reason. Missing a midterm will automatically result in a grade of zero for that midterm. If the illness can be documented with a UW Verification of Illness Form (the only acceptable document), with approval you may transfer the weight of the missed midterm to the final exam. This remedy is a privilege and not a right.

Missing the Final Exam Due to Illness

Missing the final exam will result in a grade of zero for the final exam. Please carefully read the Economics Department policy on deferred final exams for instructions. No deferred final exam will be provided for students who missed all the exams in this course.

Note: It is the responsibility of students to ensure that they write exams in the location, date, and time assigned to their section. Students writing exams in the wrong section will be assessed a 20% penalty on

the final exam grade. There will be no accommodation for possible differences in exam material or content.

Course Outline and Tentative Schedule

Students are expected to do the assigned reading before class.

Week	Date	Topic	Readings Due
1	Jan 3, 2017	Why Study Money, Banking, and Financial Markets? An Overview of the Financial System	MS, Chapter 1, pg. 1-12 and 19-21 MS, pg 22-32 and 39-45
2	Jan 10, 2017	What Is Money?	MS, Chapter 3: pg 51-63
3	Jan 17, 2017	The Meaning of Interest rates The Behaviour of Interest Rates	MS, Chapter 4 pg 68-85 MS, Chapter 5: pg. 89-112
4	Jan 24, 2017	The Risk and Term Structure of Interest Rates	MS, Chapter 6: pg 120-128
5	Jan 31, 2017	The Stock Market	MS, Chapter 7, pg 147-150
	Feb 2, 2017	MIDTERM 1	
6	Feb 7, 2017	Banking Industry: Structure and Competition Banking and the Management of Financial Institutions	MS, pg 245-250 and 261-279 MS, pg 283-289
7	Feb 14, 2017	The Bank of Canada	MS, pg 342-355
8	Feb 28, 2017	The Money Supply Process	MS, pg-265-386
9	March 7, 2016	Tools of Monetary Policy	MS, pg 390-419
10	March 14, 2017	The Conduct of Monetary	MS, pg 430-451
11	March 21, 2017	MIDTERM 2	

Week	Date	Topic	Readings Due
	March 23, 2017	Aggregate Demand and Supply Analysis	MS, 565-591
12	March 28, 2017	Monetary Policy Theory	MS, pg 607-621

Electronic Device Policy

All audible ringers on all devices during class must be turned off. Photographic devices are not permitted in class.

Attendance Policy

Students are responsible for all material presented in the scheduled lecture periods, regardless whether they choose to attend lectures or not. Punctuality is required from all students attending class.

Institutional-required statements for undergraduate course outlines approved by Senate Undergraduate Council, April 14, 2009

Academic Integrity

In order to maintain a culture of academic integrity, members of the University of Waterloo community are expected to promote honesty, trust, fairness, respect and responsibility. See the [UWaterloo Academic Integrity webpage](#) and the [Arts Academic Integrity webpage](#) for more information.

Discipline

A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to [Policy 71 - Student Discipline](#). For typical penalties check [Guidelines for the Assessment of Penalties \(https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/guidelines/guidelines-assessment-penalties\)](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/guidelines/guidelines-assessment-penalties).

Grievance

A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read [Policy 70 - Student Petitions and Grievances](#), Section 4 (<https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70>). When in doubt, please be certain to contact the department’s administrative assistant who will provide further assistance.

Appeals

A decision made or penalty imposed under Policy 70, Student Petitions and Grievances (other than a petition) or Policy 71, Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to [Policy 72, Student Appeals \(https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72\)](#).

Note for Students with Disabilities

The [AccessAbility Services](#) office, located on the first floor of the Needles Hall extension (NH 1401), collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the AS office at the beginning of each academic term.

If Using Turnitin in your Course

Turnitin.com: Text matching software (Turnitin®) will be used to screen assignments in this course. This is being done to verify that use of all material and sources in assignments is documented. Students will be given an option if they do not want to have their assignment screened by Turnitin®. In the first week of the term, details will be provided about arrangements and alternatives for the use of Turnitin® in this course.

Note: students must be given a reasonable option if they do not want to have their assignment screened by Turnitin®. See [guidelines for instructors](#) for more information.

Faculty of Arts-required statements for undergraduate course outlines

Cross-listed Course (if applicable)

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.