

University of Waterloo
Department of Economics
ECON 206
Money and Banking
Fall 2021

Instructor and T.A. Information

Instructor: Derek Stacey

Office: working from home, but available for virtual office hours via WebEx

Office Phone: 519-888-4567, ext. 46825

Office Hours: Tuesdays 9:30 – 11:00 and Thursday 1:30 – 3:00

- Virtual office hours will be held using WebEx. The Meeting link, meeting number and password are posted to LEARN as an announcement.

Email: dstacey@uwaterloo.ca

- When sending email, “ECON 206” must appear in the subject line and the message must include your full name and ID number.

T.A.	T.A. 1 Name	T.A. 2 Name
Email	T.A. 1 Email	T.A. 2 Email
Office Hours	T.A. 1 Hours	T.A. 2 Hours

- Virtual office hours will be held using WebEx. The Meeting links, meeting numbers and passwords are posted to LEARN as an announcement.

Course Description

This course offers an overview of the functioning of the financial system both in Canada and abroad. It includes discussions of money, financial assets, financial markets, financial intermediation, and central banking.

Course Goals and Learning Outcomes

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

- A. Define money and list its functions
 - Compare different definitions of the money supply
 - Discuss characteristics that determine money’s suitability as a medium of exchange
- B. Explain the meaning and behaviour of interest rates
 - Apply present value calculations to a variety of financial decision problems
 - Interpret the distinction between real and nominal interest rates
- C. Evaluate the importance of financial markets and financial intermediation
 - Describe how financial markets affect the economy
 - Illustrate the implications of financial intermediation for individual savers/depositors
- D. Summarize the history and functions of central banking, and explain the implementation of monetary policy in Canada (and abroad)
 - Describe how the central bank, banks and depositors can influence the money supply
 - Compare the relative advantages and limitations of conventional monetary policy tools

Required Text

Mishkin, Frederic S. and Apostolos Serletis (2020). *The Economics of Money, Banking, and Financial Markets*, 7th Canadian Edition, Pearson.

This is an eText with *Pearson MyLab Economics*. MyLab is required for some of the course assessments. Instructions on how to register and access the Pearson resources are available on LEARN.

Readings Available on LEARN

Lecture slides and other course materials will be posted on LEARN. The course is divided into 5 modules (see *Course Outline* below for module dates and topics). For each module, I will post the course materials and assessments on or before the Monday of the first week. Students should check LEARN regularly for course materials and announcements.

Problem Sets

Five short problem sets related to course material will be assigned during the course. Each student must complete the problem sets independently. We will use the dropbox feature on LEARN for submitting solutions to the assigned problem sets. You can submit typed or handwritten solutions, but please (i) submit all your work in one document (PDF or MS Word), (ii) check that the pages are in the correct order and properly oriented, and (iii) ensure that your work is legible. Problem sets are due by 11:59 pm (EST) of the Friday of the final week of each module. Late submissions will not be accepted – missing a deadline will result in a grade of zero.

Quizzes

Five multiple choice quizzes will draw on material covered in the lectures and assigned readings. The quizzes are to be completed independently. Each quiz will be available via Pearson MyLab Economics until 11:59 pm (EST) on the Friday of the final week of each module. Once you begin the assessment, you will have a pre-specified amount of time to complete it. You only get one attempt to complete each quiz. A grade of zero will be assigned if there is no attempt to complete a quiz before the deadline.

Course Requirements and Assessments

Assessment	Due Date of Evaluation*	Weighting
Quiz 1	September 17	8%
Problem Set 1	September 17	12%
Quiz 2	October 1	8%
Problem Set 2	October 1	12%
Quiz 3	October 29	8%
Problem Set 3	October 29	12%
Quiz 4	November 12	8%
Problem Set 4	November 12	12%
Quiz 5	December 3	8%
Problem Set 5	December 3	12%
Total		100%

* All deadlines are 11:59 pm (EST) on the specified dates.

Course Outline

Module	Weeks	Dates	Topic	Readings	Assessments*
1	1 & 2	Sep 8 – 17	Why Study Money, Banking and Financial Markets?	Ch. 1	Quiz 1 Problem Set 1
			An Overview of the Financial System	Ch. 2	
2	3 & 4	Sep 20 – Oct 1	What is Money?	Ch. 3	Quiz 2 Problem Set 2
			Money as a Medium of Exchange	supplementary slides	
3	5, 6 & 7	Oct 4 – 29 (note: Reading Week Oct 11 – 15)	The Meaning of Interest Rates	Ch. 4 & supplementary slides	Quiz 3 Problem Set 3
			The Behaviour of Interest Rates	Ch. 5	
4	8 & 9	Nov 1 – 12	Banking and the Management of Financial Institutions	Ch. 12	Quiz 4 Problem Set 4
			Liquidity Transformation and Bank Runs	Supplementary notes/slides	
5	10, 11 & 12	Nov 15 – Dec 3	Central Banks and the Bank of Canada	Ch. 14	Quiz 5 Problem Set 5
			The Money Supply Process	Ch. 15	
			Tools of Monetary Policy	Ch. 16	

* For specific due dates, see Table of *Course Requirements and Assessments* on previous page.

Intellectual Property

Students should be aware that this course contains the intellectual property of their instructor, TA, and/or the University of Waterloo.

Intellectual property includes items such as:

- Lecture content, spoken and written (and any audio/video recording thereof);
- Lecture handouts, presentations, and other materials prepared for the course (e.g., PowerPoint slides);
- Questions or solution sets from various types of assessments (e.g., assignments, quizzes, tests, final exams); and
- Work protected by copyright (e.g., any work authored by the instructor or TA or used by the instructor or TA with permission of the copyright owner).

Course materials and the intellectual property contained therein, are used to enhance a student's educational experience. However, sharing this intellectual property without the intellectual property owner's permission is a violation of intellectual property rights. For this reason, it is necessary to ask the instructor, TA and/or the University of Waterloo for permission before uploading and sharing the intellectual property of others online (e.g., to an online repository).

Permission from an instructor, TA or the University is also necessary before sharing the intellectual property of others from completed courses with students taking the same/similar courses in subsequent terms/years. In many cases, instructors might be happy to allow distribution of certain materials. However, doing so without expressed permission is considered a violation of intellectual property rights.

Please alert the instructor if you become aware of intellectual property belonging to others (past or present) circulating, either through the student body or online. The intellectual property rights owner deserves to know (and may have already given their consent).

Chosen/Preferred First Name

Do you want professors and interviewers to call you by a different first name? Take a minute now to verify or tell us your chosen/preferred first name by logging into [WatIAM](#).

Why? Starting in winter 2020, your chosen/preferred first name listed in WatIAM will be used broadly across campus (e.g., LEARN, Quest, WaterlooWorks, WatCard, etc). Note: Your legal first name will always be used on certain official documents. For more details, visit [Updating Personal Information](#).

Important notes

- If you included a preferred name on your OUAC application, it will be used as your chosen/preferred name unless you make a change now.
- If you don't provide a chosen/preferred name, your legal first name will continue to be used.

Mental Health Support

All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health support if they are needed.

On Campus

Due to COVID-19 and campus closures, services are available only online or by phone.

- Counselling Services: counselling.services@uwaterloo.ca / 519-888-4567 ext. 32655
- [MATES](#): one-to-one peer support program offered by the Waterloo Undergraduate Student Association (WUSA) and Counselling Services

Off campus, 24/7

- [Good2Talk](#): Free confidential help line for post-secondary students. Phone: 1-866-925-5454
- Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-4300 ext. 6880
- [Here 24/7](#): Mental Health and Crisis Service Team. Phone: 1-844-437-3247
- [OK2BME](#): set of support services for lesbian, gay, bisexual, transgender or questioning teens in Waterloo. Phone: 519-884-0000 extension 213

Full details can be found online on the Faculty of Arts [website](#)

Download [UWaterloo and regional mental health resources \(PDF\)](#)

Download the [WatSafe app](#) to your phone to quickly access mental health support information.

Territorial Acknowledgement

We acknowledge that we are living and working on the traditional territory of the Attawandaron (also known as Neutral), Anishinaabe and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, the land promised to the Six Nations that includes ten kilometres on each side of the Grand River.

For more information about the purpose of territorial acknowledgements, please see the [CAUT Guide to Acknowledging Traditional Territory](#).

Academic freedom at the University of Waterloo

[Policy 33, Ethical Behaviour](#) states, as one of its general principles (Section 1), “The University supports academic freedom for all members of the University community. Academic freedom carries with it the duty to use that freedom in a manner consistent with the scholarly obligation to base teaching and research on an honest and ethical quest for knowledge. In the context of this policy, 'academic freedom' refers to academic activities, including teaching and scholarship, as is articulated in the principles set out in the Memorandum of Agreement between the FAUW and the University of Waterloo, 1998 (Article 6). The academic environment which fosters free debate may from time to time include the presentation or discussion of unpopular opinions or controversial material. Such material shall be dealt with as openly,

respectfully and sensitively as possible.” This definition is repeated in Policies 70 and 71, and in the Memorandum of Agreement, Section 6

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 are expected to promote honesty, trust, fairness, respect and responsibility. Check the [Office of 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 their actions. Check [the Office of Academic Integrity](#) for more information. 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](#).

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. 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 they have a ground for an appeal should refer to [Policy 72 - Student Appeals](#).

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®) may be used to screen assignments in this course. Turnitin® is used to verify that all materials and sources in assignments are documented. Students' submissions are stored on a U.S. server, therefore students must be given an alternative (e.g., scaffolded

assignment or annotated bibliography), if they are concerned about their privacy and/or security. Students will be given due notice, in the first week of the term and/or at the time assignment details are provided, about arrangements and alternatives for the use of Turnitin in this course.

It is the responsibility of the student to notify the instructor if they, in the first week of term or at the time assignment details are provided, wish to submit alternate assignment.