

DePaul University
Department of Economics

Economics 315
Introduction to Money and Banking
Fall Quarter, 2019
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The goals of this course are to: (1) examine the major channels of borrowing and lending in the economy, including the instruments and institutions involved in the process; (2) understand how financial markets determine interest rates and why different assets earn different rates of return; (3) study how the financial system is changing and the economic implications of such changes; (4) explore the nature of money and its role in the American economy; (5) scrutinize how the Federal Reserve conducts monetary policy; and (6) analyze how monetary policy affects macroeconomic variables. The textbook for this course is *The Economics of Money, Banking and the Financial System* by Frederic Mishkin, 5th Business Edition, 2019. In addition, supplementary readings are required and will be given out in class. I reserve the right to assign additional readings of topical interest as the course unfolds. Class meets in 8206 DePaul Center.

Grades in this course are based on one midterm exam with a weight of 50 percent and a final exam with a weight of 50 percent. Attendance will be recorded, and students will earn a half point for each class they attend (excluding exam days); these points will be added to the score of each exam. *Any student missing more than 10 of the 19 non-exam classes will automatically fail the course.* Exams will contain multiple choice, essay, and/or problem-solving type questions. Both exams are required. If you have a *valid* excuse for not taking the exam on the given date, you must receive permission from me *before* the exam date to be able to reschedule the exam. *Any student who misses an exam without my permission automatically fails the course.*

- I. INTRODUCTION & OVERVIEW OF THE FINANCIAL SYSTEM
Mishkin, Chapters 1, 2, and 3.
- II. INTEREST RATE DETERMINATION
Mishkin, Chapters 4, 5, (pp. 88-101), and 6
- III. FINANCIAL INSTITUTIONS: BEHAVIOR AND REGULATION
Mishkin, Chapters 8, 9, 10, 11, and 13
- IV. MONETARY CONTROL AND MONETARY POLICY
Mishkin, Chapters 16, 18, and 19.
- V. EXCHANGE RATE THEORY
Mishkin, Chapter 20 and 21

Midterm Exam: Monday, October 14 in Room 8206 DPC

Final Exam: Monday, November 25 at 11:30 PM in Room 8206 DPC

Class Schedule

September 11	INTRODUCTION, DEFINITIONS, WHAT IS MONEY? Chapters 1 and 3
September 16	OVERVIEW OF FINANCIAL SYSTEM I Chapter 2
September 18	OVERVIEW OF FINANCIAL SYSTEM II
September 23	OVERVIEW OF FINANCIAL SYSTEM III
September 25	PRESENT VALUE & RATE OF RETURN MEASURES Chapter 4
September 30	BOND SUPPLY AND DEMAND Chapter 5 (pp. 86-102)
October 2	RISK AND TERM STRUCTURE OF INTEREST RATES I Chapter 6
October 7	RISK AND TERM STRUCTURE OF INTEREST RATES II
October 9	ECONOMIC ANALYSIS OF FINANCIAL STRUCTURE Chapter 8
October 14	<i>MIDTERM EXAMINATION</i>
October 16	COMMERCIAL BANKING I Chapter 9
October 21	COMMERCIAL BANKING II
October 23	BANKING INDUSTRY AND REGULATORY POLICY I Chapter 10
October 28	BANKING INDUSTRY AND REGULATORY POLICY II Chapter 11
October 30	NONBANK FINANCIAL INSTITUTIONS I Chapter 13
November 4	FEDERAL RESERVE: ORGANIZATION AND PURPOSE Chapter 16

November 6	FEDERAL RESERVE: GOALS AND TOOLS Chapter 18
November 11	FEDERAL RESERVE: MONETARY POLICY CONDUCT Chapter 19
November 13	FOREIGN EXCHANGE RATES I Chapter 20 and 21
November 18	FOREIGN EXCHANGE RATES II

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