Eco 3360 - FIN3360: MONEY & BANKING (ONLINE)
Spring 2019, Section: D10

Instructor: Dr. Kara  
Office: RAS 253  
Phone: 325 486 6458  
e-mail: mkara@angelo.edu

ONLINE OFFICE HOURS:
M – W: 12:00 – 2:00, TUE. 12:00 – 2:00, THR: 8:00 – 12:00
(Thursday is BY APPOINTMENT ONLY).

⇒⇒⇒ PREREQUISITE: Eco2301 (Macro).

WEBCAM REQUIRED FOR EXAMS

I. OVERVIEW: The role of money, financial markets, and institutions. Monetary theory, central bank monetary policy, and the international financial system

Course Objectives:
There are 4 primary objectives of this course.

• Learn and understand basic economic concepts related to M, B, and FM.
• Develop a basic understanding of the financial system, and financial markets,
• Analyze the conduct and influence of monetary policy.
• And, as usual, learn to apply the material.

II. Book:
Loose-leaf with Connect Access, or Connect Access only (comes with e-book). MORE INFO ON THIS ON THE START HERE PAGE ON BB.

III. WHAT WILL HAPPEN IN THIS COURSE?
There are Connect quizzes, and online tests (all on Blackboard) which you will take on certain dates (see Bb Course Calendar). Tests will require using the LockDown Browser and Webcam (not the quizzes).
No need to get confused. Everything will be done on Bb.
Your grade will be a weighted average of your scores on quizzes and tests (tests weigh much more than quizzes).

You study the material, take the quizzes and tests, get good grades and pass! Awesome! 
(SEE MORE ON STEP BY STEP “HOW TO GET STARTED?” below, and on BB.)
The most important thing is to let me know immediately if you are having any problems.
Please understand: I am here for you. Taking this online course does not mean that you are completely on your own. I am approachable, I am accessible, I am available. You must let me know immediately if you are having problems. One final point: Please identify yourself and your course when you email me.

IV. HOW DO WE COMMUNICATE?
The primary platform for your questions will be the Discussion Board on Bb. You will post your question on the DB and your colleagues can answer it, or can add to it. I will check the board regularly to add my responses. I am expecting you to turn the DB into a vibrant community.
You can always email me. I mean 24-7. I check my email frequently and try to respond in a timely manner. However, I prefer you posting your questions on the DB so that everybody can benefit from it. Finally, you can come in person during office hours (please check to make sure I am there, we have lots of meetings for university business).

V. GRADING and POLICIES:
A weighted average of 4 Exams, and Quizzes will determine your course grade. Note that tests weigh much more (80%) than quizzes (20%).

<table>
<thead>
<tr>
<th>Connect Quizzes</th>
<th>20 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test 1</td>
<td>Chp. 1, 2, 11, 12</td>
</tr>
<tr>
<td>Test 2</td>
<td>Chp. 14, 16, 17, 18</td>
</tr>
<tr>
<td>Test 3</td>
<td>Chp. 5, 6, 7, 8, 10</td>
</tr>
<tr>
<td>Test 4</td>
<td>18 (repeated), 20, 21</td>
</tr>
</tbody>
</table>

Mon., May 06, 8:00 AM – 11:30 PM

-----------------------------------------------
| Total | 100 % |
-----------------------------------------------
- Other than the ones listed above, there will be no graded homework or other graded assignment, project, or presentation for this course.

- There are NO “extra credit” assignments or projects in this course. Your grade will SOLELY be determined by what you make on the tests.

- Programmable calculators are not allowed in exams. See more on this in Test Rules and Guidelines below.

- CONNECT QUIZZES: (20%) We will have quizzes on Bb for each chapter. Quizzes are the best preparation for the tests and are essential in improving your learning. The average of quizzes will make 20% of your course grade. You will have two attempts for each quiz. Each quiz will expire at 11:59 PM on its due date. There are no make – ups for online quizzes. If you miss one for any reason, it is a zero on the grade book.

- DEADLINES: All deadlines, for all quizzes and tests can be followed on the CALENDAR that can be seen on Bb. Therefore, there is no reason to miss any test or assignment. My advice: You will be given an ample time interval for each quiz. Do not leave it to the last minute. Do your quizzes well before the deadline. This is an online course. You must complete all of the on-line assignments. If you are missing on-line work, that means you are missing class.

- TEST AVAILABILITY: Tests are only available during certain intervals. This is NOT a class where tests will be available for several days. Tests will be on a certain day only (see CALENDAR), from 8 AM to 11:59 PM. Unlike quizzes, you will have only one attempt at tests.

- There is absolutely no make up for a missed test unless previous arrangements have been made or, a real emergency, such as an earthquake, volcano eruption, zombie invasion etc. has caused you to miss a test. If the determination is made to offer a make up test, it will be a paper based test administered by me on campus. Since most of you cannot come to campus to take a test, do not miss any tests (Needless to say, you should let me know right away if such a thing happens). There are no make ups for quizzes.

- You must have reliable internet connection. If not, you should take the on-line quizzes and tests on the campus labs. You are responsible if you miss a quiz or a test because your internet service had an interruption or your computer acted funny. I would like to repeat this because it gave us so much headache: If your computer or internet crashed and you missed a test or an assignment, you missed it. Such are the risks of taking on-line courses. (Needless to say, you should let me know right away if such a thing happens.)

**Academic Honesty and Integrity**

Angelo State University expects its students to maintain complete honesty and integrity in their academic pursuits. Students are responsible for understanding and complying with the university Academic Honor Code, which is in both print and web versions of the ASU Student Handbook.

Academic integrity is expected. This includes, but is not limited to, any form of cheating, plagiarism, unauthorized sharing of work, or unauthorized possession of course materials. The professor assumes that all students can be trusted. Please do not violate this trust.
Violation of academic integrity will result in a failing grade for the course. It is the professor’s intention to be as fair and impartial as is humanly possible. Therefore, all students will be asked to adhere to the same set of guidelines and rules UNLESS there are disabilities or documented extenuating circumstances that have been discussed with the professor and the Student Life Office. Please make sure you inform the professor as soon as any situation arises. Do NOT wait until the problem is compounded by poor class performance, poor attendance, etc.

**Code of Ethics**
Students, faculty, administrators and professional staff of the College of Business should always:

- Be forthright and truthful in dealings with all stakeholders
- Take responsibility for one’s actions and decisions
- Serve as an example of ethical decision-making and behavior to others
- Admit errors when they occur, without trying to conceal them
- Respect the basic dignity of others by treating them as one would wish to be treated

**Courtesy and Respect**
Courtesy and respect are essential ingredients to this course. We respect each other’s opinions and respect others points of view at all times while in our class sessions. The use of profanity and harassment of any form is strictly prohibited (Zero Tolerance), as are those remarks concerning one’s ethnicity, life style, religion, etc., violations of these rules will result in appropriate disciplinary actions.

**Accommodations for Disability**
ASU is committed to the principle that no qualified individual with a disability shall, on the basis of disability, be excluded from participation in or be denied the benefits of the services, programs or activities of the university, or be subjected to discrimination by the university, as provided by the Americans with Disabilities Act of 1990 (ADA), the Americans with Disabilities Act Amendments of 2008 (ADAAA), and subsequent legislation. Student Affairs is the designated campus department charged with the responsibility of reviewing and authorizing requests for reasonable accommodations based on a disability, and it is the student’s responsibility to initiate such a request by emailing studentservices@angelo.edu, or by contacting Student Affairs.

**Student absence for religious holidays**
As stated in the Angelo State University Operating Policy and Procedures (OP 10.19 Student Absence for Observance of Religious Holy Day), a student who intends to miss class to observe a religious holy day should make that intention known in writing to the instructor prior to the absence. A student who is absent from classes for the observance of a religious holy day shall be allowed to take an examination or complete an assignment scheduled for that day within a reasonable time after the absence.
VI. Tentative Schedule and Outline:

1. Introduction
   List and explain the six parts of the financial system.
   Identify the five core principles of money and banking.

2. Money and Payments
   Define money and describe its functions.
   Discuss the different methods of payment and the future of money.
   Explain how the money supply is measured and how it is linked to economic growth and inflation.

11. The Economics of Financial Intermediation
    Discuss the role of financial intermediaries and how they promote efficiency.
    Explain asymmetric information, the problems it causes, and solutions to these problems.
    Describe how moral hazard and adverse selection are managed by intermediaries and how they influence business finance.

12. Depository Institutions
    Describe a commercial bank’s assets and liabilities.
    Define bank capital and key measures of bank profits and returns.
    Identify the type and sources of bank risk and explain how to control them.

Test 1 (18%)

14. Regulating the Financial System
    Identify the sources and discuss the consequences of bank runs, bank panics, and financial crises.
    Explain why and how the government intervenes in the financial system, and the problems the government safety net creates.
    Analyze how a government regulates and supervises the financial system to contain risk.

16. The Structure of Central Banks: The FED
    Explain the structure of the Federal Reserve System.
    Assess the effectiveness of the Federal Reserve System.
    (Will not spend too much time on ECB)

17. The Central Bank balance Sheet and the Money Supply Process
    Describe the central bank’s balance sheet and the monetary base.
    Explain how the central bank’s balance sheet changes.
    Calculate the deposit expansion multiplier.
    Analyze the link between the monetary base and the money supply.

18. Monetary Policy
    Explain the conventional policy tools used by major central banks.
    Discuss the links between monetary policy tools and objectives.
    Use a simple guide to analyze monetary policy.
    Describe unconventional monetary policy tools and how they work.

Test 2 (25%)

SPRING BREAK
5 Understanding Risk
   Interpret risk as a measure of uncertainty about payoffs.
   Explain how to quantify risk.
   Define risk aversion and explain the role risk premium plays in the risk-return tradeoff.
   Explain the difference between idiosyncratic and systematic risks.
   Demonstrate how to reduce risk through hedging and diversification.

6 Bonds, Bond Prices...
   Explain the relationship between bond pricing and present value.
   Define the relationship among a bond's price and its coupon rate, current yield, yield to maturity, and holding period return.
   Explain how bond prices are determined and why they change.
   Identify the three major types of bond risk: default, inflation, and interest rate changes.

7 The Risk and Term Structure
   Explain the links between credit risk, bond ratings, and bond yields.
   Distinguish taxable and tax-free bonds.
   Define the yield curve and interpret it using the expectations hypothesis and liquidity premium theory.
   Discuss how yields anticipate future economic activity.

8 Stocks, Stock Markets...
   Identify the characteristics of common stock.
   Distinguish leading stock market indices and their types.
   Explain how stocks are valued.
   Assess the risk in holding stocks for the long run.
   Describe the stock market's role in the economy.

10 Foreign Exchange
   Distinguish real and nominal exchange rates.
   Explain how prices and inflation affect exchange rates in the long run.
   Analyze the supply of and demand for currencies to explain exchange rates in the short run.
   Discuss government intervention in foreign exchange markets.

Test 3 (22 %)

18 Monetary Policy (REPEATED)
   Explain the conventional policy tools used by major central banks.
   Discuss the links between monetary policy tools and objectives.
   Use a simple guide to analyze monetary policy.
   Describe unconventional monetary policy tools and how they work.

20 Money Growth, Money Demand (Limited coverage)
   Discuss the role of monetary aggregates.
   Define the velocity of money and its role in the quantity theory of money.
   Describe the transactions demand and the portfolio demand for money.
   Explain why key central banks have shifted away from targeting money growth.

21 Output, Inflation, and Monetary Policy (Limited Coverage)
   Describe the determinants of output and inflation in the long run.
   Show the role of monetary policy in the dynamic aggregate demand curve.
   Characterize the aggregate supply in the short run and the long run.
   Explain short-run and long-run equilibrium using the dynamic aggregate demand and aggregate supply curves.

Test 4 (15%)  Monday, 05/06/19, 8 AM – 11:30 PM.
APPENDIX 1. STEP by STEP: HOW TO GET STARTED? WHERE TO BEGIN? WHAT TO DO FIRST?

1. Read and understand the syllabus. Syllabus is our contract. You can find the syllabus on the left tab on BB, on the Start Here page on BB, and also under EVERYTHING is HERE tab on BB.

2. Make sure your computer and internet connection are fit for taking an online course. Also make sure you have the latest version of Respondus Lockdown Browser on your computer. Download it from the Tech Support link that you can see at the top in BB.

3. You should create your account in Connect by taking the bonus quiz on the Start Here page on BB. Yes!!! There is a bonus quiz for that and you will get 100 points if you do it. You cannot complete any graded work (quizzes) unless your Connect is set up. The bonus quiz will take you to the web page where you create your account on Connect.

4. Take the WEBCAM Bonus quiz on the Start Here page on BB to make sure your webcam works fine. This will also give you a bonus quiz grade!!!

5. Take the Syllabus Bonus quiz on the Start Here page on BB to make sure you understood everything about the course. It will give you another bonus quiz grade!!!

6. The dates for quizzes and tests are on the Bb, Course Calendar. Do not miss any because there are no makeups, anything you miss is a zero.

If you complete all that, you are ready to move ahead. Good luck.

Please understand: I am here for you. Taking this online course does not mean that you are completely on your own. I am approachable, I am accessible, I am available. You must let me know immediately if you are having problems.

One final point: Please identify yourself and your course when you email me.
CREATING YOUR ACCOUNT IN CONNECT
You will do this only once. You need the access code that came with the book (or you can purchase it on-line from the publisher’s website while taking the bonus quiz to create your account).
  o Go to Bb, “START HERE” tab. Find the bonus quiz for Connect registration.
  o When you click the Bonus Quiz link, then, Connect will take over and will either ask for your access code or will ask you to purchase one right there.
  o THERE IS ALSO A FREE TRIAL (no payment for a couple of weeks) option.
  o Just follow the simple instructions and complete creating your account. If you do not complete creating your account by the due date, you will receive (zero) from that quiz.
  o Also, you must find the correct answer (easy) and submit the bonus quiz. If you do not submit the bonus quiz, the assignment will be incomplete (grade = zero).
  o Remember, you will be missing all other graded quizzes until your account is set up in Connect.

• WEBCAM BONUS QUIZ: This is a bonus quiz to make sure your webcam is working fine. If you complete and submit it before the due date, you will get a 100 from the quiz. If you miss, it is a zero.
  If you need more info about Webcams, there is a link on your Bb for Respondus Monitor Help.

• SYLLABUS BONUS QUIZ: This is another bonus quiz to make sure you read and understood the course syllabus entirely.
  If you complete and submit it before the due date, you will get a 100 from the quiz. If you miss, it is a zero.
• LOCK DOWN BROWSER: You must download and install Respondus LockDown Browser which is a secure browser for taking tests in Bb. In order to download the LockDown browser, go to Bb support on your Bb page and follow the instructions.

• If you have completed all this, you are ready for the course.

The most important thing is to let me know immediately if you are having any problems. Once again: I am here for you. Taking this online course does not mean that you are completely on your own. I am approachable, I am accessible, I am available.

APPENDIX 2. TEST and WEBCAM RULES: This is very important, so it had to have its own section.

• You can use your notes and the book in the test (but not the ebook, see below).

• However, you cannot use any electronic device other than the computer on which you are taking the test, and a simple calculator (not a programmable one). You cannot use a second computer, tablet, whatever. Too many to list. You cannot have a friend or family, you cannot use your phone, you cannot make or take a call, you cannot use a walkie-talkie, teleporter, phaser gun, time machine, nothing.

• You must use the webcam during the test. Using the webcam necessitates using the LockDown Browser. LockDown Browser means you cannot use the ebook. You have to get print outs or make notes before the test.

• LockDownBrowser and webcam is required only for tests. Not for quizzes. You can use any browser that will work for quizzes and no webcam needed for quizzes.
• Not a rule, but suggestion: Instead of wifi, Use an Ethernet cord to “hard wire” your computer to the router helping to ensure you will not lose connection with Blackboard.

• CRITICAL: You MUST make sure that the webcam shows you at all times (not the top of your head, not the ceiling, not the floor). Make sure you are framed properly in the shot so your face and shoulders can be seen as well as some of the background. Also, the lighting should not be too dark or not pointed directly into the lens which blinds the shot. You should have a clear video.

• Be sure not to mute your microphone. It is important that the audio can be clearly heard on the video.

• If I cannot see the video clearly (as explained above), your test will be voided (dropped) AND you will be required to take a proctored essay test. Please make sure that will not happen.

• If I see something that leads me to believe that you have violated the rules, you will receive a zero and face possible disciplinary action.