

ECON 3115-001: Money & Banking

UNC Charlotte, Department of Economics, Spring 2021¹

1 Contact Information

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Course Website: Canvas

2 Important Dates & Times

Meetings	Day	Time	Room
Class Meetings:	TR	1:00 - 2:15 pm	Zoom
Exams			
Midterm 1:	February 25 or March 2		in class
Midterm 2:	March 30 or April 1		in class
Midterm 3:	April 29 or May 4		in class
Final Exam:	(TBD by school)		TBD

The exam dates might change due to different difficulties such as (including but not limited to) power outage and hurricanes.

3 General Information

Course Description: This course is an introduction to the economics of financial markets, money, credit, and banking. It is impossible to cover all important aspects of this broad topic in one semester so, naturally, the course is selective. However, while the set of topics explicitly covered is selective, we will utilize the economic conceptual framework, which is the core of virtually all modern economic analyses of financial markets, irrespective of the particular topic at hand.

¹The instructor keeps the right to change the syllabus.

Course Objectives: This course has three main objectives goals.

1. Understanding the abstract concept of money in theory, in history, and in recent financial data. For instance, we will address why fiat currency (an intrinsically worthless piece of paper) is valued and serves a key purpose in the functioning of markets.
2. Understanding the role of banks in the economy, the analysis of the historical purpose of banking and the shadow banking industry and its role in the 2007 financial crisis and recession.
3. Analyzing the role of the Federal Reserve in monetary policy by studying both the traditional monetary policy tools and the highly publicized and unconventional policy tools employed during the financial crisis.

Course Format: We will mostly cover the main parts (the intuition of the materials) of chapters via powerpoint presentation. However, I expect you to go over the remaining by yourself. The quiz or exam questions may not directly from the things we covered during the class.

Textbook: Economics of Money, Banking and Financial Markets, 12th Edition by Frederic S. Mishkin, Columbia University. The course **does not require the hard copy** of the textbook. Though, the course **does require the code for MyLab** of the textbook. All relevant resources will be presented in class, discussion sections, and/or made available on the class website (Canvas).

Non-Mandatory Prerequisites:

1. I expect students to have a sound understanding of **basic calculus**, **basic statistics**, as well as **basic algebra**. In particular, students will need to be able to independently master at least the following operations: Take first and second derivatives of (simple) functions in one unknown, maximize/minimize functions in one unknown, “solve” equations for a particular variable, solve systems of up to 2 equations in 2 unknowns.²
2. I expect students to have a sound understanding of **basic economic concepts**, such as budget constraints, utility function, preferences, indifference curves, as well as standard economic arguments such as “marginal benefit = marginal cost”, “supply = demand”, “market equilibrium”, “equilibrium/market price”, “equilibrium/market quantity”, etc.

Students who do not have the above prerequisites are still welcome to the class, but are expected to put in the necessary extra effort to self study these prerequisites.

4 Course Evaluation & Grading

Your overall grade for this course has the following components:

Best Six of Ten Quiz Assignments (3% each)	18%
Best Two of Three Midterm Exams	50%
Final Exam (cumulative)	32%

²E.g. Find the x and y where $x + 2y = 100$ and $x - y = -4000$. Also, the derivative of $x^\alpha y^\beta$ with respect to x and/or y .

1. The overall grade is NOT the overall grade of the CANVAS! The above instructions are clear and CANVAS cannot calculate the above grading system. Though, you will learn your midterm grades on CANVAS.
2. The quiz grades will be on MyLab and I expect you to be able to calculate your own grade following the below instructions.

4.1 Quiz Assignments

There will be **ten** online quiz assignments. The **best six** count toward your grade. The following instruction is very important: **Make sure that your computer has a good WiFi signal before taking the quiz.** I will notify you if there is any problem on the Pearson side. I also encourage you to take quizzes definitely before midterm exam times. After we cover enough material, I will upload a quiz to MyLab. Almost all quizzes will be during class time. Yet, I may change this later depending on covered class materials.

4.2 Exams

There will be four exams (three midterms and one final). The **best two of your three midterm exams will count toward your class grade** with equal weight (25% each). The weight of the final exam is 32%. **DO NOT PLAN TO INTENTIONALLY SKIP ANY EXAM!** There will be **NO MAKEUP EXAMS!** If you miss an exam (for any reason) you will receive zero credit on that exam.

1. If a student miss her/his final exam due to some emergencies **verified in writing by the Dean of students' office**, then your lowest midterm grade will be your final grade.
2. Only in the very very unlikely event that a student have to miss one midterm exam and the final exam because s/he encounters two severe unexpected emergencies that happen to coincide with exam dates and are **verified in writing by the Dean of students' office** am I willing to discuss putting all the weight on the two exams you take if the student is a "regular" student (check the definition of a regular student below).

Important: Students are responsible both from the class materials and class and online quizzes. Therefore, a student, who regularly attends and participates classes and shows his/her studies and solves quizzes, will definitely have the advantage of getting a better grade. This student is defined as "regular" student which I encourage you to be.

Exam Grading Policy: The maximum score on each exam will be 100%. Exam questions will be similar to the quiz assignments.

4.3 Class Grade & Curve

In the first class, you will be given a quiz about the syllabus. If you fail that quiz, you will **automatically fail** the class. Consider that quiz as if it is a pre-request of this course. Do not worry, it is all about understanding the syllabus at the beginning of the class. Basically, I want each student to understand what my expectations are and what they have to do during the class. If you pass the pre-request quiz, your letter grade will be based on your overall grade which is explained above (see grading).

Overall Grade	Letter
100-90	A
89.9-80	B
79.9-55	C
54.9-50	D
below 50	F

In each midterm exam (**not the final exam**), I will upgrade your grades by adding 100 – Highest Grade of the exam. For example, Adam Smith gets 85 from a midterm while the highest grade is 93. Then Adam Smith’s grade will be upgraded to 92. Note that you will see only your upgraded grade on Canvas.

5 General Rules

Attendance: Classroom attendance is strongly recommended. We will be covering a substantial amount of material in this course, and therefore it is easier to keep with the track if you attend classes. I expect you to be in class on time and stay for the duration. If you do not plan to attend the entire lecture, please see me in advance or refrain from coming to class.

Communication: Communication with those outside of class while class is in progress is not acceptable. (In other words, turn off all communication devices prior to the start of class.) Students are expected to check their UNC Charlotte e-mail (username@uncc.edu) as well as the class website (Canvas) regularly for correspondence and updates regarding the course.

Recording in the Classroom: Electronic video and/or audio recording is not permitted during class unless the student obtains permission from the instructor. If permission is granted, any distribution of the recording is prohibited. Students with specific electronic recording accommodations authorized by the Office of Disability Services do not require instructor permission, but the instructor must be notified of any such accommodation prior to recording. Any distribution of such recordings is prohibited.

Email Policy: Make sure to start the subject with the course id. For example, you will ask for a setup meeting. The subject should be “Econ 3115 - Meeting”. This way you are guaranteed to be replied within 2 business days. This way, I will understand that a student of my class is writing me and s/he is prioritized in the email list. Otherwise you may wait a while for a reply. (I keep my rights not to reply an irreverent email.)

Last Minute Calls: Unfortunately, I will not be able to help you if everything is finished and you still need some help. For example, it is possible that a good student gets a low grade which may be because of so many reasons. However, if you want to improve your grade, I expect you to email me to make an appointment so that we can create a pattern in which you will much better grades. When all exams and quizzes are graded, and you still need a better grade for some reason (for e.g. graduation), I will not be able to help you. In short, it is your responsibility to inform me about your situation and your aim of taking this course in advance, so that I can help you.

Accommodation Policy: UNC Charlotte is committed to access to education. If you have a disability and need academic accommodations, please provide a letter of accommodation from Disability Services early in the semester. For more information on accommodations, contact the Office of Disability Services at 704-687-0040 or visit their office in Fretwell 230.

Changes in the Syllabus: The standards and requirements set forth in this syllabus may be modified at any time by the course instructor. Notice of such changes will be by announcement in class or by written or email notice or by changes to this syllabus posted on the course website at Canvas.

Academic Integrity: Please note that academic misconduct (cheating) will NOT be tolerated. In addition, students have the responsibility to know and observe the requirements of [University Policy 407: The Code of Student Academic Integrity](http://legal.uncc.edu/policies/up-407) (<http://legal.uncc.edu/policies/up-407>). This code forbids cheating, fabrication or falsification of information, multiple submissions of academic work, plagiarism, abuse of academic materials, and complicity in academic dishonesty. Academic evaluations in this course include a judgment that the student's work is free from academic dishonesty of any type; and grades in this course therefore should be and will be adversely affected by academic dishonesty. Students who violate the code can be expelled from UNC Charlotte. The normal penalty for a first offense is zero credit on the work involving dishonesty and further substantial reduction of the course grade. In almost all cases, the course grade is reduced to U. Copies of the code can be obtained from the Dean of Students Office. Standards of academic integrity will be enforced in this course. Students are expected to report cases of academic dishonesty to the course instructor.

Statement on Diversity: The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

6 Tentative Course Schedule

Below is a tentative schedule of the topics I plan to cover. However, there is no guarantee that we follow this schedule precisely. We may deviate from this schedule as the course progresses depending on time and student interest. It is your responsibility to keep up with adjustments made throughout the course.

Introduction: Financial System & Money

First Class (Jan 19): Chapter 1 & Syllabus Quiz

Part I: Money and Demand for Money and Inflation

Chapter 3 & 19

Part II: The Interest Rate

Chapter 4-5

Midterm 1

Chapter 6-7

Part III: Financial Institutions

Chapter 2 & 8-10

Midterm 2

Part IV: Banking & Financial Crisis

Chapter 11-12

Part V: Central Banking and the Conduct Monetary Policy

Chapter 13-16

April 29 or May 4: Midterm 3

Last Day (May 4): Final Review