

**Fayetteville State University**  
**School of Business and Economics**  
**Department of Finance, Economics, Entrepreneurship and Marketing**  
**FINC 323 (Money, Banking, and Monetary Policy)**  
**Spring 2011**

**FSU Policy on Electronic Mail:** Fayetteville State University provides to each student, free of charge, an electronic mail account ([username@uncfsu.edu](mailto:username@uncfsu.edu)) that is easily accessible via the Internet. The university has established FSU email as the primary mode of correspondence between university officials and enrolled students. Inquiries and requests from students pertaining to academic records, grades, bills, financial aid, and other matters of a confidential nature must be submitted via FSU email. Inquiries or requests from personal email accounts are not assured a response. The university maintains open-use computer laboratories throughout the campus that can be used to access electronic mail.

Rules and regulations governing the use of FSU email may be found at <http://www.uncfsu.edu/PDFs/EmailPolicyFinal.pdf>

## **II. Course Description**

A formal examination of the role of money, banking, and financial institutions, as well as rudimentary discussion of monetary policy issues in the domestic and international economies. This course is cross listed with ECON 322.

## **III. Disabled Student Services**

In accordance with Section 504 of the 1973 Rehabilitation Act and the Americans with Disabilities Act (ACA) of 1990, if you have a disability or think you have a disability to please contact the Center for Personal Development in the Spaulding Building, Room 155 (1<sup>st</sup> Floor); 910-672-1203.

## **IV. Required Text and Materials**

### 1. Textbook

Cecchetti, Stephen G. and Kermit L. Schoenholtz, *Money Banking, and Financial Markets*, 3rd Edition, New York, NY: McGraw Hill-Irwin, (2011). ISBN 978-07-337590-8

## **V. Student Learning Outcomes**

Students should demonstrate a clear understanding of the role of money and financial institutions in the functioning of the economy. Consistent with this objective, students should be able to do the following:

1. Describe money and explain its functions
2. Define basic monetary aggregates
3. Identify the net suppliers and demanders of funds in the economy
4. Explain how financial institutions facilitate the efficient allocation of capital within the economy
5. Identify the different financial markets and instruments that make our financial system effective
6. Explain and demonstrate the role interest rates play in the economy and how it affects the value of bonds
7. Compute the value of and yield on coupon bonds
8. Identify and explain the factors that influence interest rates
9. Demonstrate the relationship between interest rates and time to maturity
10. Differentiate between real and nominal interest rates
11. Differentiate between types of depository institutions
12. Explain how commercial banks function

13. Demonstrate familiarity with the structure of bank assets and liabilities
14. Demonstrate understanding of the regulation of the financial services industry
15. Demonstrate familiarity with recent transformation within the financial services industry
16. Explain the role and functioning of the Federal Reserve System
17. Explain the role that the Fed and depository institutions play in effecting monetary policy
18. Demonstrate an understanding the theoretical issues related to the role of money and monetary policy in the economy

## VI. Course Requirements and Evaluation Criteria

### Evaluation Criteria and Grading Scale

		Scores	Grade	Meaning
Quizzes	9%	90% to 100%	A	Exceptionally high
Exam 1	25%	80% to 89%	B	Good
Exam 2	25%	70% to 79%	C	Satisfactory
Exam 3	25%	60% to 69%	D	Marginally passing
Exam 4	25%	0% to 59%	F	Failing
Class Project	12%			
Class Participation	4%			
Total	100%*			

\* The lowest of the first three exams will be dropped. The final exam cannot be dropped.

### Attendance Requirements

Students are expected to attend all classes (Refer to the Fayetteville State University Undergraduate Catalog). Only Fayetteville State University approved absences will be considered unless prior approval is obtained from the instructor. It is the responsibility of students who miss class to find out from their classmates what material was covered and to do the extra work necessary to keep up with the remainder of the class.

### Exams (75% of course grade)

Exams will consist of multiple-choice problems and short essay questions. A clear understanding of the material is required to do well on the exams, particularly the essay questions. The questions on each exam may incorporate any material covered in the earlier chapters.

### Class Project (12% of course grade)

The description of assignment for the class project is posted on Blackboard and is an integral part of this syllabus. The assignment is due at the beginning of class on **Wednesday, March 30, 2011**. Students will work in designated groups for this project. All students have the responsibility to ensure that the report is handed in on time. Students should familiarize themselves with the following web site, which is the source of the data needed for the project. <http://www.federalreserve.gov/releases/H15/data.htm>

### Quizzes (9% of course grade)

Quizzes will be given at the beginning of class and will last approximately 5 minutes. The quizzes should provide early feedback on the student's comprehension of the material. If a student arrives late for class, no extra time can be afforded since other class activities will be taking place. There are no make-up quizzes; therefore, the lowest quiz grade or one missed quiz will not count towards your grade.

### Class Participation (4% of course grade)

Classroom participation is incorporated to encourage students to engage in academic discussion related to the material covered in this course. Students may contribute through the asking or answering of questions, and the sharing of relevant information reported in the financial press. When referencing information reported in the financial press a copy of the article should be provided to the instructor. Being present in class is requirement to earn credit for class participation.

### Homework

Successful completion of all homework problems is an important component of this course, which is

essential to the successful completion of the course. Students should prepare and bring their homework to class. The instructor will randomly review homework throughout the semester and may provide extra credit. Since students will not know which assignments will earn the extra credit, they should always have their assignment ready at the beginning of each class.

Students should first attempt to do the problems by themselves then collaborate with their classmates before they check with the solutions provided by the instructor. Students, who need additional help with their homework problems after checking the solutions, should contact the instructor for further assistance during office hours or by making an appointment.

### **Make-up Policy**

There are no scheduled make-up exams; however, the instructor may consider each request, provided it is made in writing before the exam and is consistent with the university's policy for excused absences. The written request for a make-up exam submitted by the student should clearly state the reason for the request and should be accompanied by the documentation required by the university to substantiate the claim. When approved, make-up exams will be scheduled at a mutually agreeable time. Unexcused absence from an exam will result in a zero score for that exam. Assignments are due at the beginning of the class period and late submissions will not be accepted without prior approval.

### **Academic Integrity**

Students are expected to adhere to ethical academic practices. Anyone participating (actively or passively) in the use or exchange of information during an exam, or engaged in unethical practices during the pursuit of this course will be subjected to the university's Dishonesty in Academic Affairs policy (Refer to the Fayetteville State University Undergraduate Catalog).

### **Request for Review**

A student may request a review of graded exams, or quizzes in writing within 5 days after they are returned or the date it is made available to the student, whichever is earlier. The student must clearly state the specifics of the issue he/she would like the instructor to address. All requests for review must be in writing.

### **Web Enhancement**

To assist students to be successful in this course, material will be posted on Blackboard throughout the semester to help students assimilate the financial issues that are covered in class. Supplemental reading materials may also be included. Please visit Blackboard on a regular basis to access new material that is posted.

### **Prerequisites**

ECON 211, ECON 212, and MATH 123 with grade of "C" or better.

### **Conduct of Class**

Students will be evaluated on the basis of quizzes, homework, exams, and class participation. The instructor reserves the right to change the assigned chapters or parts of chapters and, thereby, the homework assignments and exam dates without it having any effect on the remainder of this syllabus; and reassign the weights for grading purposes. It is imperative that students preview the chapters before the class during which the material will be covered. Students are also required to read additional materials assigned during the semester. Materials from the additional readings may be included on the exams.

Students are required to read current business publications including *The Wall Street Journal* and other financial publications (print or electronic). Students will have an opportunity during the first week of class to sign-up for a subscription to *The Wall Street Journal* at a special discount rate for students.

The *Code of the University of North Carolina* (of which FSU is a constituent institution) and the *FSU Code of Student Conduct* affirm that all students have the right to receive instruction without interference from other students who disrupt classes.

FSU Core Curriculum Learning Outcome under Ethics and Civic Engagement (6.03): All students will

“prepare themselves for responsible citizenship by fulfilling roles and responsibilities associated with membership in various organizations.” Each classroom is a mini-community. Students learn and demonstrate responsible citizenship by abiding by the rules of classroom behavior and respecting the rights all members of the class.

The FSU Policy on Disruptive Behavior (see FSU website for complete policy) identifies the following behaviors as disruptive:

1. Failure to respect the rights of other students to express their viewpoints by behaviors such as repeatedly interrupting others while they speak, using profanity and/or disrespectful names or labels for others, ridiculing others for their viewpoints, and other similar behaviors;
2. Excessive talking to other students while the faculty member or other students are presenting information or expressing their viewpoints.
3. Use of cell phones and other electronic devices (including calculators on cell phones and similar electronic devices)
4. Overt inattentiveness (sleeping, reading newspapers)
5. Eating in class (except as permitted by the faculty member)
6. Threats or statements that jeopardize the safety of the student and others
7. Failure to follow reasonable requests of faculty members
8. Entering class late or leaving class early on regular basis
9. Do not leave trash behind.

The instructor may take the following actions in response to disruptive behavior. Students should recognize that refusing to comply with reasonable requests from the faculty member is another incidence of disruptive behavior.

1. Direct student to cease disruptive behavior.
2. Direct student to change seating locations.
3. Require student to have individual conference with faculty member. At his meeting the faculty member will explain the consequences of continued disruptive behavior.
4. Dismiss class for the remainder of the period. (Must be reported to department chair.)
5. Lower the student’s final exam by a maximum of one-letter grade.
6. File a complaint with the Dean of Students for more severe disciplinary action.

Students who believe the faculty member has unfairly applied the policy to them may make an appeal with the faculty member’s department chair.

Students should not conduct private conversations while the class is in session.

University policy prohibits non-enrolled students from being present in the classroom.

## **VII. Academic Support Resources**

Refer to Homework and Web Enhancement under **Course Requirements and Evaluation Criteria** and University College Learning Center.

## **VIII. Course Outline**

- Chapter 1: An Introduction to Money and the Financial System  
Chapter 2: Money and the Payments System  
Chapter 3: Financial Instruments, Financial Markets, and Financial Institutions

### **Exam 1**

- Chapter 4: Future Value, Present Value, and Interest Rates  
Chapter 6: Bonds, Bond Prices, and the Determination of Interest Rates

Chapter 7 The Risk and Term Structure of Interest Rates

**Exam 2**

Chapter 11: The Economics of Financial Intermediation  
Chapter 12: Depository Institutions: Banks and Bank Management  
Chapter 13: Financial Industry Structure  
Chapter 15: Central Banks in the World Today  
Chapter 16: The Structure of Central Banks: The Federal Reserve and the European Central Bank

**Exam 3**

Chapter 17: The Central Bank Balance Sheet and the Money Supply Process  
Chapter 18: Monetary Policy: Stabilizing the Domestic Economy  
Chapter 20: Money Growth, Money Demand, and Modern Monetary Policy

**Final Exam Schedule: 12:00 p.m. – 12:50 p.m. Friday, May 6, 2011**

**IX. Teaching Strategies**

The course includes class lectures, discussion of current issues related to the financial market, readings from the financial press, assigned homework problems, and problems done in class.

**X. Bibliography**

Burton, Maureen, and Ray Lombra, 2<sup>nd</sup> Edition, South-Western, Edition, Mason, OH: South-Western College Publishing, 2000  
Croushore, Dean, Money and Banking: A Policy-Oriented Approach, 1<sup>st</sup> Edition, Mason, OH: South-Western, 2007  
Ritter, L.S., W.L. Silber, G.F Udell, *Money, Banking and Financial Markets*, 12<sup>th</sup> Edition. Pearson: Addison Wesley, 2009  
Roger LeRoy Miller and David VanHoose, Money, Banking, & Financial Markets, South-Western College Publishing, 2001

**Appendix to Course Syllabus (FINC 323-01)**

- 1) Friday, January 14 – Late registration ends
- 2) Friday, January 14 – Last day to submit health insurance waiver
- 3) Friday, Friday March 25 – Deadline for removing incomplete grades from previous semester.
- 4) Friday, March 25 – Deadline for withdrawing from class(es).
- 5) Friday, April 22 – Deadline for withdrawing from the university (all classes).
- 6) The mission statement of the School of Business and Economics (SBE) at Fayetteville State University (FSU) is:

The School of Business and Economics is dedicated to providing quality business education to a diverse student population. The School prepares students to meet the challenges of a changing environment and to compete in a global market. This is accomplished by supplementing the University's strong teaching emphasis with research and a curriculum that reflects the changing market conditions. The School also assists in regional economic transformation by promoting entrepreneurial and economic education.



Initial here: \_\_\_\_\_ I am committed to working diligently throughout the semester to earn a grade of \_\_\_\_\_ in this class

**Personal Information**

Last Name \_\_\_\_\_ First Name \_\_\_\_\_

Name that you prefer to be called \_\_\_\_\_

Hometown \_\_\_\_\_ State \_\_\_\_\_

Phone Number: Day \_\_\_\_\_ Night \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Hobbies and Interests \_\_\_\_\_

Countries Visited: \_\_\_\_\_

Campus Organizations or Extra Curricula Activities \_\_\_\_\_

Birth Date (optional) \_\_\_\_\_

**Classification and Career Plans**

Sophomore    Junior    Senior    Irregular    M.B.A.    Other (specify)

Major or Area (Undergraduates only) \_\_\_\_\_

Career Aspirations (if known) \_\_\_\_\_

*Prerequisite Information (ECON 211, ECON 212, and MATH 123, with grade of 'C' or better)*

Grades in FINC 311 \_\_\_\_\_

Taken at  FSU    Other (name of school) \_\_\_\_\_

Instructor's Name \_\_\_\_\_

Semester and year taken \_\_\_\_\_

I \_\_\_\_\_ do affirm that I have successfully completed all of the prerequisites for the course listed above or obtained the necessary waiver from the Instructor. I also attest that I have read the course syllabus, fully understands and agrees with the requirements to attend class, read assigned chapters before the class during which the material will be discussed, do homework assignments, participate in class discussions, exam dates, grading procedures, make-up policies, requests for review, and all other requirements and conditions outlined in the course syllabus.

Signed \_\_\_\_\_ Date \_\_\_\_\_, 2011

NO STUDENT WILL BE ALLOWED TO REMAIN IN CLASS AFTER THE FIRST SEVEN DAYS OF THE ACADEMIC SEMESTER IF A COMPLETED AND SIGNED COPY OF THIS FORM HAS NOT BEEN RETURNED TO THE INSTRUCTOR.