

**University of Georgia
Terry College of Business
Department of Economics**

**ECONOMICS 4030
Money and Banking**

Fall 2007 (August 16th – December 13th 2007)

Room No: A1900
Tuesday and Thursday: 12:30-13:45

Instructor: Ilker Kaya
Email: ilker@uga.edu
Office: 506 Brooks Hall
Contact: (706) 542-1943

Office Hours:

Tuesday and Thursday from 13:55 am - 14:55 am and by appointment. Office hours are to address specific questions you may be having with the course material. Office hours are not a substitute for class attendance and I will not repeat lectures or provide you with my lecture notes.

Required Textbook:

Mishkin, Frederic S. *Economics of Money, Banking and Financial Markets*. 8th edition. Addison Wesley: Boston, MA.

Supplemental Materials:

Supplemental materials will be posted on WebCt.

Prerequisites:

ECON 2105 and ECON 2106

These must be completed prior to enrolling in this course unless otherwise specified by the Department. This course is offered as an upper division elective. Economics majors will not receive credit for this course unless approved by the Department.

WebCT and e-mail:

Course materials will be posted on WebCT. You must have "myid" to access these course materials. If you do not have a UGA "myid" you can one at <https://www.arches.uga.edu/myid/>.

I will communicate with you via the e-mail facility in WebCT.

Attendance:

Your attendance in this class will not be monitored and will not account a portion of your final grade, but note that excessive absences are often correlated poor test performance.

Lecture notes will be posted on WebCT but these should not substitute for coming class. In the event that you do miss class, you should see a classmate for copies of day s notes for any discussion or explanations not included in the on-line notes.

Course Description and Objective:

The purpose of this course is to offer a good understanding of financial markets, with an emphasis on the banking sector and fixed-income securities. In particular, the following topics will be covered: (i) the determination of interest rates, (ii) the functions and operation of different financial intermediaries, and (iii) the functions and goals of central banks (the Fed).

Classroom Sessions and Textbook:

I will follow closely the required textbook and use simplified examples where appropriate. The class sessions and the textbook are meant to complement each other. I encourage you to attend all classes and read the assigned readings before the class sessions. I believe that this approach will allow you to benefit most from the class sessions. Please feel free to ask questions during our class time. See the attached course outline for the assigned readings.

Assignments/ Exams/ Grading:

There will be four assignments, two in-class exams and a final.

Assignments: I strongly suggest that you test your knowledge by answering questions and working problems from the textbook. I will assign four graded assignments and the grades from your best three assignments will count to your final grade.

In-class exams: The two in-class exams will be on **Thursday, September 27** and **Tuesday, November 13**. These exams will be short-answer questions. Solutions to the exam will be posted. Hard copies will not be handed out in class.

Final Exam: The final exam is scheduled for **Thursday, December 13, 12:00 - 3:00 PM**, A1900. It is comprehensive and will include all the material that we cover.

Makeup exams: There will be no makeup exams for the in-class exams or the final exam. Please meet with me if your class schedule conflicts with any of the exam times (that is, in-class exams or final exam) as soon as possible.

If you cannot take an in-class exam on the scheduled day, you need to present a verified excuse. If you have a valid excuse for missing an in-class exam, the weight of

that test will be shifted to the final exam. Failure to take the final exam at the scheduled time will result in a grade of zero. Two exceptions to this rule apply:

- (i) if you complete the process outlined by the Office of Curriculum Systems (www.curriculumsystems.uga.edu), verifying that you have another final exam scheduled for the same time or three final exams scheduled for the same day; or
- (ii) if the Office of the Vice President for Student Affairs verifies that you have a family emergency or personal illness that impedes your ability to take the final exam.

Overall Course Grade: Your course grade will be calculated by multiplying the weights by the percentage you score and determining a weighted average. Grades will be determined in accordance with the UGA grading scale:

95 and above	A
90 - 94.9	A-
86 - 89.9	B+
82 - 85.9	B
78 - 81.9	B-
74 - 77.9	C+
71 - 73.9	C
68 - 70.9	C-
60 - 67.9	D
59.9 and below	F

Your grade will be based on the following:

Assignments	20 percent (after dropping 1 lowest score)
2 In-class Exams	25 percent each
Final Exam	30 percent

There are no opportunities for extra credit; you will receive the grade that you earn.

Academic Honesty:

I will strictly follow UGA's Academic Honesty Policy, which is described at http://www.uga.edu/ovpi/academic_honesty/culture_honesty.htm. All academic work must meet the standards contained in "A *Culture of Honesty*." Each student is responsible for knowing those standards before performing academic work. Note that under this policy a student found guilty of academic dishonesty receives an "F" in the relevant class and may be suspended or expelled from the University. I will report any violations of the academic honesty code to the Office of the Vice President for Instruction.

Special Needs:

I am aware that there are many situations that may arise during the semester that can affect your in-class performance. Students with a disability or health-related issues

who need a classroom accommodation should make an appointment to see me as soon as possible. Please present the appropriate documentation from Disability Services at that time.

Course Syllabus and Outline:

Please see the attached course syllabus and outline for important dates. The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

Comments:

I encourage you to do the work and the assigned problems as revision for the chapters and as practice for the graded assignments and exams as we go along in the semester. They will be a good gauge of your understanding of the course-material. Please feel free to use my office hours to discuss the practice assignments as well.

Good luck for the semester!

Course Syllabus

Tentative Schedule

Lesson 1	Why Study Money, Banking, and Financial Markets? (Ch 1)
Lesson 2	An Overview of the Financial System (Ch 2)
Lesson 3	What is Money? (Ch 3)
Lesson 4	Understanding Interest Rates (Ch 4)
Lesson 5	The Behavior of Interest Rates (Ch 5)
Lesson 6	Banking and the Management of Financial Institutions (Ch 9)
Lesson 7	Banking Industry: Structure and Competition (Ch 10)
Lesson 8	Economic Analysis of Banking Regulation (Ch 11)
Lesson 9	Structure of Central Banks and the Federal Reserve System (Ch 12)
Lesson 10	Tools of Monetary Policy (Ch 15)
Lesson 11	What Should Central Bank Do? Monetary Policy Goals, Strategy, and Tactics(Ch 16)
Lesson 12	The Foreign Exchange Market (Ch 17)
Lesson 13	The Demand For Money (Ch 19)
Lesson 14	The ISLM Model (Ch 20)
Lesson 15	Monetary and Fiscal Policy in the ISLM Model (Ch 21)
Lesson 16	Aggregate Demand and Supply Analysis (Ch 22)
Lesson 17	Money and Inflation (Ch 24)
Lesson 18	Rational Expectations: Implication for Policies (Ch 25)