Course: Money and Banking  
220:301:H6 Summer 2015  
Time: Monday and Wednesday 6:00 PM – 9:40 PM  
Location: Scott Hall 202, CAC

Instructor: Yang Li  
E-mail address: ygli@econ.rutgers.edu  
Office Location: New Jersey Hall, Room 421 CAC  
Office Hours: Monday and Wednesday 4:30 PM – 5:30 PM and by appointment

Course Description: This course will introduce you to financial markets, financial institutions, central banking, and monetary theory. In the first part of the course, we will study money, its uses, and how to value it. In the second part of the course, we will study banks, their role in the economy, and the special problems they face. In the last part of the course, we will examine how central banks manage an economy’s money in concert with the banking system and the effects of monetary policy on interest rates.

Prerequisite(s): Econ102: Intro to Micro and Econ103: Intro to Macro.

Note: Since there are older versions of the book, it is the student’s responsibility to overcome any problems related with the changes introduced in the latest edition (10th).

Course Objectives:  
*Money and Banking is a lower level elective.* Students who satisfactorily complete Money and Banking should understand the role of money and banks in the broader economy. Specifically, students should garner an understanding of the unique role of banks in the financial system. Students will also learn the relevance of the US central bank (a.k.a. the Federal Reserve System), and related central banking topics including the causes, policy responses, and lessons associated with the recent financial market crisis.

Final Exam Date: Aug 12, 2015 6:00 PM – 9:00 PM

Grade Distribution:  
- Homework: 10%  
- In-class quizzes: 20%  
- Midterm Exam: 35%  
- Final Exam: 35%
There will be two quizzes and one mid-term exam in addition to the final exam. Schedules of quizzes and midterms are subject to change as the course progresses, but the final exam date is set in stone for Aug.12 (6:00 PM – 9:00 PM). All the exams are cumulative.

**Letter Grade Distribution:**

<table>
<thead>
<tr>
<th>Grade Range</th>
<th>Letter Grade</th>
</tr>
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<tbody>
<tr>
<td>100 - 90</td>
<td>A</td>
</tr>
<tr>
<td>89.99 - 85</td>
<td>B+</td>
</tr>
<tr>
<td>84.99 - 80</td>
<td>B</td>
</tr>
<tr>
<td>79.99 - 70</td>
<td>C+</td>
</tr>
<tr>
<td>69.99 - 60</td>
<td>C</td>
</tr>
<tr>
<td>59.99 - 50</td>
<td>D</td>
</tr>
<tr>
<td>49.99 - 0</td>
<td>F</td>
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</tbody>
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**Course Policies:**

- **Website**
  - Sakai site will be used for posting announcements, course materials and grades:
    
    [http://sakai.rutgers.edu](http://sakai.rutgers.edu)

  - Please check the site on a regular basis and make sure you can receive announcements from Sakai through email.
  - If you have trouble getting access to Sakai site, please let me know immediately.

- **Class notes**
  - I will use presentation slides in class, which will be made available to you in advance, (i.e. the night before the lecture day).
  - I recommend that you use printouts of these presentations to take class notes.
  - The Power Points will focus on the major points introduced in the text. Hence, it is your responsibility to take notes to complete the contents.

- **Homework**
  - Homework will be assigned before quizzes and exams.
  - It is very important to do every homework to follow the course materials and do well on the quizzes and exams.
  - No late homework will be accepted under any circumstances.

- **Attendance and Absences**
  - Cell phones, laptops and other electronic devices must be turned off before each class begins.
  - Students are expected to attend all classes. If you expect to miss one or two classes because of illness or a family emergency, please use the University absence reporting website:
    
    [https://sims.rutgers.edu/ssra](https://sims.rutgers.edu/ssra)
to indicate the dates and reason for your absence. An email is automatically sent to me.
– Students are responsible for all missed work, regardless of the reason for absence. It is also the absentee’s responsibility to get all missing notes or materials.

• Make-up Exam
  – **There is NO scheduled make-up final in this course.**
  – Makeup exam will be considered **ONLY** under extreme circumstances such as serious illness or critical emergency. In that case, official documents such as doctor’s notes must be submitted to me and the department.
  – Anyone who cannot make the exam due to other reason will receive zero.

Academic Integrity:

Cheating will not be tolerated. The University has established severe penalties for cheating. Students are expected to maintain academic integrity, as described by the University policy:

[http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers](http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers)
Tentative Course Outline:
The weekly coverage might change as it depends on the progress of the class.

<table>
<thead>
<tr>
<th>Week</th>
<th>Content</th>
</tr>
</thead>
</table>
| Week 1 | • Introduction to the Financial System and Money  
          • Mishkin, chapter 1,2,3                  |
| Week 2 | • Interest Rates and The Stock Market        
          • Mishkin, chapter 4,5,6,7                |
| Week 3 | • Financial Institution                      
          • Mishkin, chapter 8,10,11,12             |
| Week 4 | • Financial Crises                           
          • Mishkin, chapter 9                      |
| Week 5 | • The Federal Reserve System and the Conduct of Monetary Policy 
          • Mishkin, chapter 13,14,15,16             |
| Week 6 | • Monetary Policy                            
          • Mishkin, chapter 22,23,24,25            |

Key dates:

<table>
<thead>
<tr>
<th>Date</th>
<th>Events</th>
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<tbody>
<tr>
<td>Monday, July 6</td>
<td>• First day of classes</td>
</tr>
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</table>
| Wednesday, July 8 | • Homework I                                      
                          • Last day to drop with W grade and 50% refund |
| Monday, July 13 | • Quiz I                                      
                          • Homework I Due                                      |
| Monday, July 20 | • Homework II                                 |
| Wednesday, July 22 | • Midterm Exam                                  
                          • Homework II Due                                     |
| Wednesday, July 29 | • Homework III                                  |
| Monday, August 3  | • Quiz II                                      
                          • Homework III Due                                     |
| Thursday, August 6 | • Last day to drop with W grade and no refund |
| Monday, August 10 | • Homework IV                                  |
| Wednesday, August 12 | • Final Exam                                    
                          • Homework IV Due                                     |