

Money, Banking and Financial Markets

6E:117 – Fall 2009

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Class hours: 3:55P - 5:10pm TTh S121 PBB

Office hours: TTh 5:10 - 6:15pm

Objectives:

The course presents the foundations of the financial and banking systems. We will discuss how the financial and monetary system works to channel money from lenders to borrowers. In doing so, we will study the determination of interest rates and asset prices, and their importance for the aggregate economy. We will touch on topics such as financial crises and the existence of “bubbles” on the stock market. What are they? How do we measure them? Why are they problematic? We will also talk about financial and monetary regulations: how do they work? What do they cost? What can we expect them to achieve?

Textbook:

The book is *Money, Banking and Financial Markets* by L. M. Ball, Worth, New York, NY, 2009

Outline:

Foundations

- The financial system
- Money and central banks
- Asset prices and interest rates

The Financial System

- Securities markets
- Foreign exchange markets
- Banks

The aggregate economy

- Money supply and interest rates
- Fluctuations, monetary policy and the financial system
- Inflation

Evaluation:

There will be weekly homeworks, a midterm and a final exam. The average of your homework grades counts for 1/3 of your final grade, the midterm counts for 1/3 and the final for 1/3. Your “letter grade” will be assigned according to the following schedule: A = 90-100, A- = 80-90, B+ = 70-80, B = 60-70, B- = 50-60, C+ = 40-50, C = 30-40, C- = 20-30, F = 0-30.

Exam dates will be determined shortly.

Regulations

Course policies are governed by the Tippie College of Business.

Academic behavior

-If you are caught cheating you will fail the class.

-If you do not hand-in a homework, midterm and/or the final exam, your grade will be zero unless you have a valid reason. If you have a valid reason for missing the midterm you will either take a make-up or your final will count for 2/3 of your grade. This will be determined if and when the problem arises, depending on circumstances such as the number of students in the same situation, the difficulty of the exam and the feasibility of designing a make-up similar to the original exam. If you have a valid reason for missing the final exam, you will have to take a make-up exam. Examples of valid reasons for missing an exam are documented illness/health emergencies, religious observance, and certain university activities such as events for athletic teams. Please consult the university policy for more details.

-If you are unexpectedly ill at the time of an exam, then you can give notification and documentation of your illness as soon as you are able. Do not take an exam if you are ill and then expect to have an opportunity to retake the exam because you were ill the first time and did poorly. Note, however, that a note saying that you "saw" a doctor on the day of an exam is not a valid reason for missing an exam.

-Students who arrive late to an exam will be required to hand in their exam at the same time as other students.

-All complaints concerning grades have to be put in writing and submitted no later than one week after the grade is released. Do not expect to have your homeworks and/or midterm re-graded once you have learned your final grade.

-Take note of the following university policy: *Whenever possible (e.g., religious obligation, authorized University activity), students are responsible for notifying their instructor of a conflict requiring an excused absence well in advance of a scheduled examination or other in-class activity. For permission to be absent from class in order to participate in authorized University activities, students are expected to present to each instructor before each absence a written statement signed by a responsible official specifying exactly the dates and times necessary for them to miss class. For permission to be absent under the Tippie College policy, the same general procedure applies.*

Whenever possible, the student should contact each instructor before the absence to request that the absence be excused. When advance notification is not possible (e.g., illness, family or other personal emergency), students are expected to present evidence to verify the reason. Indeed, faculty in the Tippie College is urged to request this verification. Evidence is to be attached to a completed "Explanatory Statement of Absence from Class" form. In cases of family emergency, faculty may ask for a funeral notice or the phone number of the student's parents to call for verification about the emergency. Students who are or will be absent for more than five days may ask the Registration Center to send notification of the absence to each instructor.

-Since this course is offered by the College of Business, it is governed by the Honor Code of the Tippie College of Business. This applies to all students, whether currently in the College of Business or not. Information on the Honor Code is available at <http://www.biz.uiowa.edu/upo/honorcode.html> Any violation of this Honor Code will not be tolerated. Furthermore, a person who stands by and does nothing when confronted with unethical behavior also threatens the spirit of the Honor Code.

Sexual Harassment

The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University website, <http://www.sexualharassment.uiowa.edu/index.php> and to seek assistance from department chairs, the Dean's Office, the University Ombuds Office, or the Office of Equal Opportunity and Diversity.

Grievances

Student concerns regarding this course should first be discussed with the faculty member teaching the course. If we can't resolve the complaint, you may contact the DEO (Prof. Kovenock, W210 PBB, 319-335-0829, dan-kovenock@uiowa.edu). If you cannot resolve the complaint by speaking with the DEO, you may contact the Associate Dean of the Undergraduate Program, Lon Moeller, 319-335-0924, lon-moeller@uiowa.edu.

Complaints Concerning Faculty Actions

You have the right to adjudication of any complaints you have about classroom activities or instructor actions. If you have a complaint or concern that you do not feel can be or has been addressed adequately by the instructor, you should take the matter up with the departmental executive officer of the Department of Economics (Prof. Kovenock, W210 PBB, 319-335-0829, dan-kovenock@uiowa.edu). If you are not satisfied after speaking to the DEO, you should take your concern to the Dean's Office (C120 PBB).

Disabilities:

If you have a disability that may require some modification of seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly if you have any emergency medical information about which I should know, or if you need special arrangements in the event the building must be evacuated, please let me know. Please see me after class hours or during my scheduled office hours or schedule an appointment. I would also remind you that the Office of Student Disability Services is available to assist you."