

ECON 3030 – Money and Banking
Fall 2023

Personal Note from Prof. Doyle:

Welcome to Money and Banking! I am excited to teach this course and glad that you are taking it!

My goal for the course is to help you learn more about money, financial markets, banking, the financial crisis, and monetary policy. I am genuinely concerned about you and want to help you satisfy your academic curiosity. So, you will get exposure to concepts, models, industry knowledge, as well as economic and financial market history.

I also, frankly, want to help you develop a skill set for the job market as well. I have experience as a chief economist and risk taker at a large hedge fund, providing insight during the global financial crisis. To try to achieve this latter goal, you will be exposed to, analyze, and draw conclusions from real financial market and macroeconomic data. You will also have problems that will help you develop your quantitative skills, analytical reasoning ability, and give you experience on major money and banking issues.

Please let me know how I can serve you in this regard. Now, let's have a great semester!

Professor: Carter Doyle

Email: carterdoyle@virginia.edu

Office Hours: Monday and Wednesday 2:30—4:00pm, and by appointment.

I encourage you to stop by during my office hours to get help.

Your TA for the class will contact you in the first week of class with their Office Hours, and other information.

Course Description:

Money and Banking looks at the interplay between money, financial markets, financial institutions, and The Federal Reserve and their collective impact on the economy. The first part of the course will examine money, interest rates, and the three big financial markets: the bond market, the stock market, and the foreign exchange market. We will then look at how financial institutions solve transaction costs and information problems. Major areas of exploration in this second part of the course are: bank management, the banking industry structure and regulation, financial innovation, and the global financial crisis. The last part of the course will focus on monetary policy, including: the structure of the Federal Reserve - as well as major foreign central banks, and the tools, goals, and strategies of central banking, and how policy makers attempt to influence the performance of economies. The student will get hands-on experience with real financial and macroeconomic data and develop analytical viewpoints on major money and banking issues.

Textbook and Other Materials:

-Textbook: Money, Banking and Financial Markets by *Cecchetti*

The eBook OR Book is available to order on the UVA Bookstore website.

-Students will access The Federal Reserve's FRED database.

-Occasional articles (posted on Collab) will be assigned for reading and lecture discussion.

Prerequisite:

ECON 2020, or instructor permission.

Lecture Attendance:

Lecture attendance is at your discretion, but strongly encouraged. There is a participation component to your grade (see below). Also, it is our opportunity to learn from each other and discuss what is going on in the economy and markets. Please arrive on time for classes and make sure you are not doing anything to disrupt the lecture, or your fellow classmates.

Grades:

<u>Course Grades</u>	<u>Point Total</u>
<i>Class Participation</i>	40
<i>Quiz 1</i>	30
<i>Quiz 2</i>	30
<i>Exam 1</i>	100
<i>Exam 2</i>	100
<i>Final Exam:</i>	200
<i>Problem Sets</i>	60
<i>TA Pts</i>	<u>20</u>
-	
<i>Total</i>	580

Class Participation will consists of playing Kahoot! Games in class, and discussing articles.

Problem Sets are participation based graded, and are designed to prepare you for exams as well.

Quizzes/Exams are Short Answer and Problem Solving questions covering lecture material, problem sets, and articles.

Course Grade/Dutch Knockout:

Your grade for the course is based on the higher of the following:

- 1) grade from the entire semester's work (including final exam), *or*
- 2) grade on the final exam only. Thus, if you do not do as well on other tests and assignments, it may be possible to still receive a good grade by doing well on the final exam.

Course grades are set according to a scale, which is determined the day *after* the final exam. Thus, tests are not assigned letter grades.

Makeup Tests:

The Final Exam will take the place for those who missed either the first or the second test and have an acceptable excuse. Acceptable excuses are rare; examples include death in the family, or serious illness. *You must email an excuse with proper documentation that must be approved by the professor within 1 week after the missed test.*

Final Exam:

There is ONE final examination. You must take the Final Exam at time on the Syllabus. There is no makeup for the final exam.

Grading Questions:

If you have any questions about grading of a test or assignment, email your TA first. If you are not satisfied, then please email me. *You must do this within 1 week of the assignment or test date.*

Add, Drop, and Withdrawal:

Please see the UVA website for dates about adding, dropping, and withdrawing. *It is the student's responsibility to be familiar with university policies associated with Add, Drop, and Withdrawal and to take such actions on their own behalf, if the student deems it appropriate.*

Credit/No Credit:

For students taking the course credit/no credit, the minimum grade for credit is a C-.

SDAC/Disabilities:

If you are an SDAC student, You are responsible for making appointments in advance (do it at the beginning of the semester) to take lecture Quizzes and Exams at the SDAC. The Lecture Quiz and Exam dates are on the last page of the Syllabus. You are required to start the Quiz and Exam at the same time as the class does.

Honor:

Because of the Honor System at Mr. Jefferson's University, I assume students are truthful with teaching assistants and me and do not cheat on tests and exams. In the unlikely event that you observe an incident of cheating, I assume you will contact an Honor Advisor. Students deemed (by the professor) to have violated the University's Honor System are **not** eligible for the Dutch knockout.

Legal Note:

Students are prohibited from selling notes for this course to any person or commercial firm (or being paid to take notes) without the express written permission of Carter Doyle.

Please Note:

-At times, Additional Material not covered in the Textbook will be presented during class lectures.

-Additional reading - Articles/Reports will be posted on Collab.

-Chapter Readings & Test Dates in Table below.

-Problem sets (around 6 of them) will occur throughout semester – generally due 1 week after they are posted on Collab.

-You must take Exams at scheduled times below, including the Final Exam

Course Outline:

<u>Topic</u>	<u>Chapter</u>
I. Money and Financial Markets	
Time Value of Money and Interest Rates	4
The Bond Market	6
Risk and Term Structure of Interest Rates	5 & 7
The Stock Market	8
<u>Quiz 1: Wed, Sept 20</u>	
<u>Exam 1: Wed, Sept 27</u>	
II. Banking and The Financial Crisis	
The Foreign Exchange Market	10
Derivatives	9
Economics of Financial Intermediation	11
Bank Management	12
Financial Crisis Lecture & <i>Financial Crisis Inquiry Report</i>	
<u>Quiz 2: Wed, Nov 8</u>	
<u>Exam 2: Wed, Nov 15</u>	
III. Monetary Policy	
Central Banking	15
Money Supply - Fed Response to Crisis	17 & 18
Monetary Policy & Business Cycle	22
Transmission Mechanisms of Monetary Policy	23
<u>Final Exam:</u>	
<u>12pm Section – Monday, December 11, 2-5pm</u>	
<u>1pm Section – Monday, December 11, 9am-12pm</u>	