



A POLYTECHNIC INSTITUTION

School of Business

Program: FMGT

Option: Corporate Finance & Financial Planning

Money and Banking – FMGT 4570

Start Date: January, 2008

End Date: May, 2008

Total Hours: 80 **Total Weeks:** 20

Term/Level 4 **Course Credits:** 5.5

Hours/Week: 4 **Lecture:** 2 **Lab:** 2

Prerequisites:

Course No. **Course Name**

ECON 2100 Principles of Microeconomics

ECON 2200 Principles of Macroeconomics

Course Description

This course emphasizes the economic way of thinking by developing a unifying framework to study money, banking, and financial markets. This analytic framework uses a few basic economic concepts to organize your thinking about the determination of asset prices, the structure of financial markets, bank management and the role of money in the economy.

Evaluation

| | | |
|-----------------------------------|------------|----------|
| Attendance/Lab Assignments | 10 | % |
| Quizzes | 10 | % |
| Midterm Examination | 40 | % |
| Final Examination | 40 | % |
| Total | 100 | % |

Course Learning Outcomes

Upon successful completion, the student will be able to:

Demonstrate a basic understanding of financial intermediation.

Analyse the operations of financial instruments and their pricing.

Explain the role of risk management in banking.

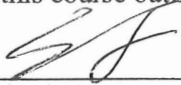
Apply key economic concepts and models to explore the complexity and integrated nature of financial systems.

Examine emerging and current issues of money, banking, and financial markets.

Verification

I verify that the content of this course outline is current.

Eddy Fung

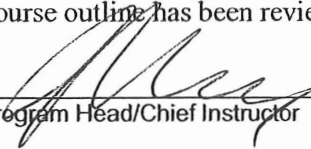

Authoring Instructor

December 2007

Date

I verify that this course outline has been reviewed.

Jennifer Figner

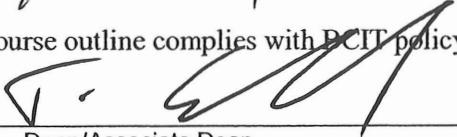

Program Head/Chief Instructor

January 2008

Date

I verify that this course outline complies with BCIT policy.

Tim Edwards


Dean/Associate Dean

January 2008

Date

Note: Should changes be required to the content of this course outline, students will be given reasonable notice.

Instructor

Eddy Fung

Office Location: SE6-315

Office Phone: 604-412-7461

Office Hrs : Posted on Office Door
E-mail Address: efung@bcit.ca**Learning Resources****Required:**

Mishkin, F.S. and Serletis, A. (2008). *The Economics of Money, Banking, and Financial Markets. Third Canadian Edition.* Addison Wesley Longman.

References:

Koch, T. W. et. al. *Bank Management. Current Edition.* South Western.

McDonald R. L. *Derivatives Markets. Current Edition.* Addison Wesley Longman.

Neave E. H. *Financial System Economics: Theory and Applications. Current Edition.* ITP Nelson.

Stulz, M. *Risk Management and Derivatives. Current Edition.* Thomson

v Information for Students

(Information below can be adapted and supplemented as necessary.)

Assignments: Late assignments, lab reports or projects will **not** be accepted for marking. Assignments must be done on an individual basis unless otherwise specified by the instructor.

Makeup Tests, Exams or Quizzes: There will be **no** makeup tests, exams or quizzes. If you miss a test, exam or quiz, you will receive zero marks. Exceptions may be made for **documented** medical reasons or extenuating circumstances. In such a case, it is the responsibility of the student to inform the instructor **immediately**.

Ethics: BCIT assumes that all students attending the Institute will follow a high standard of ethics. Incidents of cheating or plagiarism may, therefore, result in a grade of zero for the assignment, quiz, test, exam, or project for all parties involved and/or expulsion from the course.

Attendance: The attendance policy as outlined in the current BCIT Calendar will be enforced. Attendance will be taken at the beginning of each session. Students not present at that time will be recorded as absent.

Illness: A doctor's note is required for any illness causing you to miss assignments, quizzes, tests, projects, or exam. At the discretion of the instructor, you may complete the work missed or have the work prorated.

Attempts: Students must successfully complete a course within a maximum of three attempts at the course. Students with two attempts in a single course will be allowed to repeat the course only upon special written permission from the Associate Dean. Students who have not successfully completed a course within three attempts will not be eligible to graduate from the appropriate program.

Course Outline Changes: The material or schedule specified in this course outline may be changed by the instructor. If changes are required, they will be announced in class.

Assignment Details

Attendance/Lab Assignments

Labs will cover applications of models and concepts covered in lecture through the completion of questions sets and readings of current events. Lab attendance is mandatory, as is the completion of question sets and readings during lab. Questions sets will be collected at the end of each lab and graded, and will form the basis of the attendance/lab assignment grade. Lab question sets will only be accepted if the student has attended the entire lab and completed the question set in the lab. No late assignments will be accepted.

Examinations and Quizzes

The midterm and final examinations will be held in their respective designated exam weeks. Take-home quizzes will be given at approximately equal intervals between the examinations.

The midterm and final exam will be composed of multiple choice questions and graphical/written analysis type questions. In general, the course material is quite analytical and as a consequence both midterm and the final exam will reflect this fact. The same applies for quizzes although they will be shorter in length.

To pass the course the student is required to have a combined average score for the midterm and final examinations of at least 50%. Students that fail to meet this requirement will be given a final course mark equal to his/her average of the midterm and final examinations.

Textbook and other Readings

No exact date is given for the completion of each chapter. The reason for this is that different groups learn at different rates so an attempt will be made to match the degree of understanding to the rate of material coverage. In general, the material will be covered at a rate of approximately one chapter per week. It is the student's responsibility to attend all lectures and to be aware of material covered. It is also expected that the student will have read the material before attending lecture and lab.

Schedule^{*}

| Week Number | Material to be Covered | Chapter Reading | Assignment | Due Date |
|-------------|---|-----------------|--|--------------------------------|
| 1 | Introduction & Overview of the Course Why Study Money, Banking, and Financial Markets | 1 | All end of problems of chapter 1 & handout | End of Lab (Same for all Labs) |
| 2 | An Overview of the Financial System Understanding Interest Rates | 2 & 4 | All end of problems of chapters 2 & 4 | |
| 3 | The Behaviour of Interest Rates | 5 | All end of problems of chapter 5 & handout | |
| 4 | Risk and Term Structure of Interest Rates; The Stock Market, the Theory of Rational Expectations, and the Efficient Markets Hypothesis | 6 & 7 | All end of problems of chapter 6 & 7 & handout | |
| 5 | The Foreign Exchange Market | 19 | All end of problems of chapter 19 & handout | |
| 6 | Risk Management in Financial Institutions | 12 | All end of problems of chapter 12 & handout | |
| 7 | Derivatives Markets | 13 | All end of problems of chapter 13 | |
| 8 | Derivatives Markets | Handout | Problems: handout | |
| 9 | Catch up and Review | | | |
| 10 | Midterm Term | | | |
| 11 | Interactions of Goods Markets and Financial Markets | 22 | All end of problems of chapter 22 | |
| 12 | Internal Balance and External Balance in the ISLM Model | 23 | All end of problems of chapter 23 | |
| 13 | Internal Balance and External Balance in the ISLM Model <u>Continued</u> | Hand-out | Problems: handout | |
| 14 | An Economic Analysis of Financial Structure | 8 | All end of problems of chapter 8 | |
| 15 | Intermediation in Practice: Domestic vs. International. | Handout | Problems: handout. | |

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|----|--|----------|-----------------------------------|--|
| 16 | Risk Management & International Banking | Hand-out | Problems: handout | |
| 17 | Transmission Mechanisms of Monetary Policy: The Evidence | 25 | All end of problems of chapter 25 | |
| 18 | Catch up and Review | | | |
| 19 | Final Exam | | | |
| 20 | Exam Week | | | |

* This schedule is subject to change at the instructor's discretion.