



MAR 03 1997

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Course Outline Part A

School of Business

Program: Financial Management

Option: Corporate Finance

Option: Corporate Financial Planning

**FMGT 4570**

**Money and Banking**

<b>Hours/Week:</b>	4	<b>Total Hours:</b>	80	<b>Term/Level:</b>	4
<b>Lecture:</b>	2	<b>Total Weeks:</b>	20	<b>Credits:</b>	
<b>Lab:</b>	2				
<b>Other:</b>					

**Prerequisites**

**FMGT 4570 is a Prerequisite for:**

Course No.	Course Name	Course No.	Course Name
ECON 2100	Microeconomics		
ECON 2200	Macroeconomics		

**Course Goals**

The course focuses on monetary and financial economics in Canada and the role of financial assets and how they impact the economy. The institutional structure and the role of the Bank of Canada and its ability to control the money supply is examined. The aim is to critique the effectiveness of government policy to influence the level of economic activity. The importance of international trade and investment and Canada's position in the global economy is assessed.

**Course Description**

Examines the principles of money, credit creation and banking; central banking; objectives and techniques of monetary control; financial assets and financial markets; money and the international economy.

**Evaluation**

Final Examination	40%	May Exam Week
Midterm Examination	30%	February Exam Week (about February 28)
Test	30%	Monday, April 7, 1997
<b>TOTAL</b>	<b>100%</b>	

**Course Outcomes and Sub-Outcomes**

Upon successful completion of this course, the student will be able to:

1. Apply economic data to predict the phase of the business cycle.
2. Evaluate how shifts in demographics, savings and investment impact growth.
3. Evaluate how our financial institutions affect the functioning of our economic system. Understand money market instruments and the credit creation process.
4. Critically assess the effectiveness of the Bank of Canada's monetary policy.
5. Analyze government fiscal policy, deficit and debt.
6. Analyze how the foreign exchange market is affected by Canada's Balance of Payments.
7. Evaluate Canada's position in the global

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**Course Record**

Developed by: DICKHOFF Date: 97 Jan 6  
Instructor Name and Department (signature)

Revised by: \_\_\_\_\_ Date: \_\_\_\_\_  
Instructor Name and Department (signature)

Approved by: \_\_\_\_\_ Start Date: \_\_\_\_\_  
Associate Dean / Program Head (signature)



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**Effective Date**

January, 1997

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**Instructor(s)**

C.J. Dickhoff

Office No.: SE6-305

Phone: 6782

Office Hrs.: By appointment and  
as posted.

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**Text(s) and Equipment**

Required:

Binhammer, H.H. (1993). *Money, Banking and the Canadian Financial System*. Sixth Edition.  
Scarborough: Nelson Canada Publications.

Recommended:

Bank of Canada. *Annual Report of the Governor to the Minister of Finance*. Various Issues.

*Bank of Canada Review*. Published Monthly.

Boreham, Gordon F., and Bodkin, Ronald G. (1988). *Money, Banking and Finance. The Canadian Context*.  
Third Edition. Toronto: Holt, Rinehart and Winston.

Cameron, Norman E. (1992). *Money, Financial Markets and Economic Activity*. Second Edition.  
Don Mills, Ontario: Addison-Wesley.

*C.D. Howe Institute*. Various Publishers.

Canadian Bankers' Association. *The Canadian Banker*. Published Bi-Monthly.

Capes, John, and Raynor, Thomas E. (1989). *Orientation to Banking*. Second Edition. Scarborough, Ontario:  
Prentice-Hall.

Hunter, W.T. (1988). *Canadian Financial Markets*. Revised Edition. Peterborough, Ontario: Broadview Press.

MacMillan, Alexander. (1989). *An Introduction to Canadian Financial Markets. An Analytical Approach*.  
Scarborough, Ontario: Prentice-Hall.

- Neave, Edwin H. (1987). *Canada's Financial System: A Managerial Approach*. Toronto: Methuen.
- Sargent, John, Ed. (1986). *Fiscal and Monetary Policy*. Toronto: University of Toronto Press for MacDonald Royal Commission.
- Sarpkaya, S. (1984). *The Money Market In Canada*. Third Edition. Don Mills, Ontario: CCH Canadian Limited.
- Shearer, R.A., Chant, J.F., and Bond, D.E. (1995). *Economics of the Canadian Financial System. Theory, Policy and Institutions*. Third Edition. Scarborough, Ontario: Prentice-Hall.
- Siklos, Pierre, L. (1994). *Money, Banking and Financial Institutions. Canada in the Global Environment*. Toronto: McGraw-Hill Ryerson.
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## Course Notes (Policies and Procedures)

### Attendance Requirements

Attendance requirements will be enforced as per the BCIT Policy in the Calendar. Excessive absence will be deemed to be missing more than 2 labs for reasons within the student's control. Upon notification of excessive absence and failure to provide adequate explanation, the student will be disqualified from writing the final examination.

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## Assignment Details



BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

School of Business

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Schedule

**FMGT 4570**  
**Money and Banking**

Week of/ Number	Outcome/Material Covered	Reference/Reading	Assignment	Due Date
1	Financial Markets	Ch. 7		
2	Financial Instruments: The Money Market	Cont'd.		
3	Financial Instruments: The Money Market	Ch. 10, pp. 140–145		
4–5	Commercial Banks as Creators of Money	Ch. 1, pp. 9–13, Ch. 9		
6	The Banking System and the Money Supply	Ch. 13, pp. 188–204		
7	Origin and Functions of the Bank of Canada	Ch. 16		
8	Monetary Control: Central Bank Instruments	Ch. 18		
	MIDTERM EXAM, February Exam Week			
9	Monetary Control: Cash Management	Ch. 19		
	Implementation of Monetary Policy	Ch. 20		
10	Monetary Policy and its Objectives	Ch. 17		
11	Goals: Compromise and Trade-Offs	Cont'd.		
	SPRING BREAK, March 10–14			

Week of/ Number	Outcome/Material Covered	Reference/Reading	Assignment	Due Date
12	The Modern Quantity Theory (Monetarism)	Ch. 22, pp. 356–358		
13	The Concept of National Income	Ch. 23		
	QUARTER-TERM EXAM, Monday, April 7			
14	Output, the Price Level and Inflation	Ch. 26		
15	Monetary Policy Effectiveness	Ch. 27		
16	Money and the International Economy	Ch. 28		
17	Balance of Payments	Cont'd.		
18	Foreign Exchange	Ch. 29		
19	Foreign Exchange Regimes	Ch. 30, p. 456; 463–471		
	TERM EXAMINATION			