

Course Syllabus

Money, Banking and Financial Markets
ECO349H1-F LEC5101
Department of Economics
University of Toronto – St. George
Fall 2021

Class times and location: Wednesdays 18:00-21:00, Room LM 161

Instructor: Chris D'Souza

Contact Information

Email: Use the **Quercus Inbox** to communicate with me outside of class and office hours
Office Hours: Wednesdays 17:00-18:00 (before class), Room LM 161 (or by appointment)

Contact Hours and Course Organisation: Classes and office hours will take place in-person (as long as circumstances allow). Lectures will usually last two hours each week. Normally, the third hour of the scheduled class time will be used to work through textbook questions, discuss group assignments and conduct quizzes. Office hours will be used to address questions from students about lecture content, textbook material, and assignments.

On **September 15th and 22nd**, classes will be held in-person and online synchronously via Zoom meetings. Zoom meeting links will be posted in Quercus. Recordings of these two lectures will also be available for students to view asynchronously after class. Students attending class online during the first two weeks of classes must have access to reliable high-speed internet and electricity and a dependable laptop or desktop computer (PC or Mac).

Privacy Notice of Video Recording and Sharing: Downloading and re-use of videos is prohibited

- *This course, including your participation, will on occasion be recorded on video and will be available to students in the course for viewing remotely. Course videos and materials belong to your instructor, the University, and/or other sources depending on the specific facts of each situation and are protected by copyright. Do not download, copy, or share any course or student materials or videos without the explicit permission of the instructor. For questions about recording and use of videos in which you appear please contact the instructor.*

Communication

- I will use the Quercus course website to post announcements, required and optional readings, and other course-related content.
- Please use the Quercus Inbox Application to communicate with me. I will do my best to answer your questions within 72 hours.

- You may also post questions about course content in the Quercus Discussions board.
- Student interaction and group discussion may be organised through Quercus Discussions, and during in-person office hours before class.

Quercus Discussion boards will be used to address students' course-related questions. The Discussions board allow you to ask and answer questions about course material and discuss course topics more generally. The board is a platform for you to engage with your classmates, practice your skills, test your knowledge, and learn with your classmates. I will monitor the Discussions, but it is primarily for student-to-student interaction like an online study group, and not a substitute for online office hours.

Course Description and Learning Outcomes: This course explores a wide range of topics involving money, financial markets, financial institutions, and the links between the financial sector, the 'real' economy, and the central bank. We also examine the importance of financial markets, banks, and other financial institutions in the economy, and how information asymmetries and regulation have shaped their evolution.

Topics surveyed include the role of money and the financial system in promoting economic welfare, the behaviour of bond and stock market prices and investment returns, the role of commercial banks in the economy, the regulation of financial institutions and the tools of central banks. This course also studies the role of the central bank in the economy, which includes the use of monetary policy to mitigate financial market instability and to promote economic growth. Furthermore, given the high degree of global financial market integration, we also investigate the links between Canada's financial system and the international financial system, in part through exchange rate movements.

Learning Outcomes:

- Gain a better understanding of the Canadian banking sector, financial markets and their interaction with the broader economy
- Increase familiarity with how financial markets, such as bond and stock markets, operate, and learn how they may promote economic efficiency
- Advance your understanding of the role of the central bank and how monetary policy can influence growth and fluctuations in the economy
- Learn about the functions of money, why and how it promotes economic efficiency, and discover how its form has evolved over time
- Gain a better understanding of how changes in interest rates affect consumers, businesses, financial institutions, and the overall economy
- Understand how foreign exchange markets operate and why exchange rates are important, and the main factors that affect exchange rates in the long run
- Advance your understanding of how financial systems around the world contributed to the decade-old global financial crisis and great recession
- Improve competence working with economic and financial market data

- Apply course concepts to real-world and hypothetical economic shocks and conduct economic research and analysis
- Interpret the economic and finance literature and provide policy recommendations
- Communicate effectively through written reports, oral presentations and discussion

Tools for Developing Learning Outcomes:

The course employs both mathematical models and an analytical framework to understand the economics of money, banking and financial markets. The theory of informational economics, principal-agent theory, moral hazard and adverse selection will be used to understand the functioning of financial institutions and financial markets. The theoretical links between the financial sector and the real sector of the economy will be examined to get an understanding how banks and financial markets contribute to economic growth and business cycles. The course will discuss monetary theory, the functions and roles of the central bank, to gain an understanding of the interactions between the central bank and financial institutions. There will also be opportunities for in-class and office hour discussions regarding current developments in financial markets, the Bank of Canada and Federal Reserve interest rate announcements, regulatory changes for banks and financial markets, and personal finance topics.

Prerequisites: Prerequisites are strictly checked and enforced and must be completed before taking a course. By taking this course you acknowledge that you will be removed from the course at any time if you do not meet all requirements set by the Department of Economics. The most recent prerequisite information is available in the [Academic Calendar](#). Note: prerequisites for various courses have changed, so don't assume that the information in last year's syllabus can be re-used.

Course Materials:

Required Textbook: [The Economics of Money, Banking, and Financial Markets, 7th Canadian Edition, Frederic Mishkin, Apostolos Serlitis. Pearson Publishers](#). The **eText** will be used extensively during the course. Students can purchase an access code from the bookstore.

Each week, we will cover one or two chapters from the eText. You are expected to complete the required readings, watch any uploaded videos and complete quizzes and assessments by their due dates. You will have an opportunity to ask questions during the virtual office hours.

Week 1:	Chapter 1 - Why Study Money, Banking, and Financial Markets? (Incl. Appendix) Chapter 2 - An Overview of the Financial System
Week 2:	Chapter 3 - What is Money? Chapter 4 - The Meaning of Interest Rates
Week 3:	Chapter 5 - The Behaviour of Interest Rates
Week 4:	Chapter 6 - The Risk and Term Structure of Interest Rates
Week 5:	Chapter 7 - The Stock Market, Rational Expectations, Efficient Market Hypothesis

Week 6:	Chapter 8 - An Economic Analysis of Financial Structure Chapter 11 - Financial Crises Contingent Capital (Bank of Canada Financial Stability Report)
Week 7:	Chapter 14 - Central Banks and the Bank of Canada Money Creation in the Modern Economy (Bank of England Quarterly Bulletin)
Week 8:	Chapter 16 - Tools of Monetary Policy
Week 9:	Chapter 17 - The Conduct of Monetary Policy: Strategy and Tactics
Week 10:	Chapter 18 - The Foreign Exchange Market
Week 11:	Major Group Assignment Presentations (Optional)
Week 12:	Course review

Along with the eText readings, I will post my lecture slides, lecture recordings (during the first two weeks of class) and other required reading material, including journal articles and working papers, on the Quercus course portal. Please visit this site regularly for recent postings and announcements.

Evaluation and Grading Scheme:

The final grade in the course will be determined as follows:

1. Weekly Quizzes worth 2.5% each (5 Quizzes; Only the top four (4) quizzes will count): **10% of total course grade**
 - Quizzes will be posted **online** on the Quercus course page during the last hour of class (20:00-21:00 ET). Students will have about 20 minutes to complete the quiz.
 - Questions will be based on the **required** readings recently posted on Quercus.
 - Quizzes cannot be completed past the due date and time.
 - There will be no extensions for any reason.
 - A student's lowest quiz score or any one missed quiz will be excluded in the calculation of the final grade.

2. Two 'Small' Group Assignments: **30% of total course grade**
 - Students will be randomly assigned to groups of 4 or 5 students but may choose to work together in groups of 2, 3, 4 or 5 of their own choosing, or on their own. Marking rubrics will be dependent on the size of the group.
 - Any changes in groups must be reported using the Quercus Assignments tool **by the students that have moved groups**.
 - Groups may work together using the group discussion boards built into Quercus.
 - Assignment details and rubrics will be posted on Quercus.
 - Assignments must be submitted through the Quercus course portal.

3. 'Major' Group Assignment: **25% of total course grade**

- The group assignment will require students to write a paper. Each student will be expected to write at least one section of the paper (or about 1500 words).
- Each group must have at least three and at most five members.
- Assignment details and an extensive rubric will be posted on Quercus.
- Students will need to create their own groups using the Quercus Assignments tool.
- Each group must submit their assignment through the Quercus course portal.
- Optional group presentations will offer students an opportunity to gain feedback before submission.

4. Final Exam: **35% of total course grade** – Date To be Announced

- The exam will be scheduled by the Faculty of Arts and Science on a date during the official exam period.
- The exam will be based on required readings from the eText, class lectures, class discussion, and course slides.
- There will be multiple-choice, short- and long-answer questions.
- Short- and long-answer questions will assess students' knowledge, application, comprehension skills and critical thinking skills.

The course involves multiple group assignments. For example, the final 'Major' group assignment asks students to write a policy paper based on their research and analysis and provide a monetary policy recommendation (e.g., considering a large adverse shock to the domestic and global economy). To complete the assignments, students may communicate with their group members via the **group Discussions board** built in the Quercus course page. See <https://qstudents.utoronto.ca/group-tool-the-student-side-of-things/>

Online Submissions of Group Assignments: All groups must submit their assignments on-line through the Quercus course portal. It is every student's responsibility to ensure that their online submission is submitted successfully by the due date. Accommodations will not be made for unsuccessful submissions due to, but not limited to: i) the system timing out; ii) submitting the incorrect document(s); and iii) poor internet connection / no internet connection etc.

Late Group Assignment Submissions: There will be a 10% penalty of the total group assignment mark *per day* (including weekends) for a late assignment. If a group anticipates missing the assignment deadline due to uncontrollable circumstances and requires an extension of time, they should request this at least 5 business days in advance of the due date. Students may be required to submit supporting documentation at my discretion. The reallocation of grades for assignments missed for legitimate reasons will be made at my discretion. Group assignments handed in *after* the work has been returned to the class cannot be marked for credit. Accommodations due to late registration into the course will *not* be approved. Computer viruses, crashed hard drives, broken printers, lost or corrupted files, incompatible file formats, faulty internet, battery problems, and similar mishaps are common issues when using technology, and are not acceptable grounds for a deadline extension. It is every student's responsibility to ensure that their online submission is submitted successfully by the due date.

Accommodations will not be made for unsuccessful submissions due to, but not limited to, i) the system timing out, ii) submitting the incorrect document(s), iii) poor internet connection / no internet connection etc.

Assignment Writing Resources:

1. All undergraduate students taking courses in the Faculty of Arts and Science are eligible to work with the writing centre at the college or campus where they are registered. For information about writing centre appointments visit <https://writing.utoronto.ca/writing-centres/arts-and-science/>.
2. To learn more about how writing centres work, students may visit <http://writing.utoronto.ca/writing-centres/learning/>.
3. More than 60 Advice files on all aspects of academic writing are available from <http://advice.writing.utoronto.ca>. Printable PDF versions are listed at <http://advice.writing.utoronto.ca/student-pdfs/>.
4. Students should read "How Not to Plagiarize" and other advice on documentation format and methods of integrating sources. These pages are all listed at <http://advice.writing.utoronto.ca/using-sources/>.

Missed Quizzes: Students who miss a quiz or assignment due date because of circumstances beyond their control (e.g., illness or an accident) can request that the Department grant them special consideration. The following steps must be completed in order to be considered for academic accommodation for any missed quiz or assignment:

1. Your absence must be declared on ACORN on the day of the missed quiz / due date, or by the day after, at the latest.
2. You must notify me by within one week of the missed quiz / deadline.
3. The University is temporarily suspending the need for a doctor's note or medical certificate for any absence from academic participation if you are experiencing COVID-19 symptoms. However, this policy may change at any point during the course. If you missed your quiz for a reason connected to your registered disability, the Department will accept documentation supplied by Accessibility Services.
4. Consult the Office of the Registrar should your absence be lengthy or affect multiple courses.

The written explanation and documentation that you submit represents an appeal from you, requesting the opportunity to account for that portion of your grade in some other manner. If an appeal is not received, or if the appeal is deemed unacceptable, you will receive a grade of zero for the item you missed. If the appeal is granted – that is, your reason for missing the item is considered acceptable by the instructor, then the student will be given another opportunity to write the test or provided with a new assignment due date.

Note that it is your responsibility to ensure that your email account is working. Claims that a Departmental decision was not received will NOT be considered as a reason for further consideration. Note that holidays and pre-purchased plane tickets, family plans, your friend's

wedding, lack of preparation, or too many other tests/assignments are not acceptable excuses for missing a quiz, a test or an item of term work.

Students **CANNOT** petition to re-write a quiz once the test has begun. If you are feeling ill, please do not start the online test, seek medical attention immediately, and the policy on Missed Term Work will apply.

Regrade Request of Group Assignments may be granted. Student groups must provide via the Quercus Inbox, and with specificity, questions or concerns with the grading. Please be advised that the marker will re-read & re-mark the whole test. Please note that your group's mark may go up, down or remain the same.

Technology: Expectations and Requirements

To complete this course, additional requirements – beyond the basics of having your TCard (your U of T Student ID card), a handheld calculator, paper, pencils, and erasers – **may** include:

- Reliable and regular access to a laptop/desktop that has a working microphone; A cell phone is NOT sufficient; A tablet is NOT required for this course;
- You may also need reliable and regular access to high-speed internet; See the University's [Recommended Technology Requirements for Remote/Online Learning](#) for more details;
- Being proactive to avoid technical and other difficulties, which includes submitting well before deadlines, maintaining your devices, carefully reading all assessment instructions, and contacting me immediately with any problems;
- Ability to correctly convert local Toronto time to your time zone: we will not accept confusion about deadlines (which will be given in local Toronto time) as an excuse for lateness or missed work
- Having a current installation of Excel and Word software, which is available at no cost to current U of T students
- Ensuring that you maintain regular backup copies of your files, use antivirus software, and schedule enough time when completing an assessment to allow for delays due to technical difficulties.

NOTE: Computer viruses, crashed hard drives, lost or corrupted files, incompatible file formats, faulty internet, and similar mishaps are common issues when using technology, and are not acceptable grounds for a deadline extension.

Plagiarism Detection Tool: Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (<https://uoft.me/pdt-faq>).

- Students and/or groups must inform me at the start of the course if they choose to opt out of Plagiarism Detection. If a student or group opts-out, they will be required to submit the following as an alternative to using the University's plagiarism detection tool to check for plagiarism:
 - An annotated bibliography;
 - All their rough work;
 - Call numbers and/or web site addresses of all sources cited.

Student Conduct: It is your responsibility as a student at the University of Toronto to familiarize yourself with, and adhere to, [The Code of Student Conduct](#), which is a University policy that sets out expectations for student behavior, and prescribes processes for dealing with prohibited behaviour.

The [Student's Companion to the Student Code of Conduct](#) is a set of frequently asked questions and the responses about the Code of Student Conduct. It aims to simplify and clarify Code usage for the University's community members.

Netiquette: What is netiquette? Netiquette is the code of conduct that is expected in an online environment that is similar to what they expect in the classroom.

- Adhere to the same standards as you would in the classroom. For example, respect your peers. Use proper and respectful language and refrain from any insults, threats or bad jokes. You may think you are being funny by the minor insults, but you are not. Not everyone will have your same sense of humor.
- Be forgiving of mistakes. Do not point out insignificant errors of other students in front of the whole class. It's counterproductive and interrupts the flow of discussion.
- It is advised to mute your microphone during lecture. Background noises are distracting to everyone including how hard you type on your keyboard. Believe it or not, it makes more noise than you think.
- When your professor asks a question please use the chat function to queue your answer. This also applies if you have to ask a question. Use the chat function and your professor will answer the questions in the order they appear. Be patient. There will be delays and your instructor and/or your peers need a few moments to read.
- Before you hit the enter key to send messages through the chat function please re-read your response or question carefully and check for errors. Please note it is okay to make minor errors so long as you are understood.
- Be clear and concise but do not use texting language. Full sentences please. Note: It's okay to use emoji's but do not overdo it. ☺
- Be mindful of internet language, e.g. the interpretation of all cap letters is that you are shouting.
- Do not dominate the discussion. Give other students the opportunity to join in the discussion and present their ideas.

- Be positive. Do not start “flame wars” (emotionally-charged opinions) and intervene if you see this happening in a positive matter. Challenge the idea and not the student directly. Remember the purpose of a discussion is to increase your knowledge base.
- Do not make fun of someone’s ability to read, write or speak. Remember we are all here to learn in a supportive environment.
- Avoid using slang and/or vernacular language. UofT is a very diverse community and this could possibly lead to misinterpretation, especially in the chat function.
- If someone posts information that you think may have been posted accidentally, let them know about it privately. Do not spread the accidental post to your peers. Remember we all make mistakes.

Academic Integrity is essential to the pursuit of learning and scholarship in a university, and to ensuring that a degree from the University is a strong signal of each student’s individual academic achievement. As a result, the University treats cases of cheating and plagiarism very seriously.

The University of Toronto’s [Code of Behaviour on Academic Matters](#) outlines behaviours that constitute academic dishonesty and the process for addressing academic offences. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else’s ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment.

On quizzes and exams:

- Using or possessing unauthorized aids.
- Looking at someone else’s answers during an exam or test.
- Misrepresenting your identity.

In academic work:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required, including (but not limited to) doctor’s notes.

With regard to remote learning, the University wishes to remind students that they are expected to adhere to the [Code of Behaviour on Academic Matters](#) regardless of the course delivery method. By offering students the opportunity to learn remotely, the University expects that students will maintain the same academic honesty and integrity that they would in a

classroom setting. Potential academic offences in a digital context include, but are not limited to:

Remote assessments:

- Accessing unauthorized resources (search engines, chat rooms, Reddit, etc.) for assessments.
- Using technological aids (e.g. software) beyond what is listed as permitted in an assessment.
- Posting test, essay, or exam questions to message boards or social media.
- Creating, accessing, and sharing assessment questions and answers in virtual “course groups.”
- Working collaboratively, in-person or online, with others on assessments that are expected to be completed individually.

All suspected cases of academic dishonesty will be investigated following procedures outlined in the [Code of Behaviour on Academic Matters](#). If you have questions or concerns about what constitutes appropriate academic behaviour or appropriate research and citation methods, you are expected to seek out additional information on academic integrity from your instructor or from other [institutional resources](#).

Honesty and fairness are considered fundamental to the university's mission, and, as a result, all those who violate those principles are dealt with as if they were damaging the integrity of the university itself. When students are suspected of cheating or a similar academic offence, they are typically surprised at how formally and seriously the matter is dealt with -- and how severe the consequences can be if it is determined that cheating did occur. The University of Toronto treats cases of cheating and plagiarism very seriously.

Examples of offences for which you will be penalized include (but are not limited to):

- Using any unauthorized aids on an exam or test (e.g., "cheat sheets," cell phones, electronic devices, etc.)
- Representing someone else's work or words as your own -- plagiarism
- Falsifying documents or grades
- Purchasing an essay or term paper
- Submitting someone else's work as your own
- Submitting the same essay or term paper in more than one course (without permission)
- Looking at someone else's answers during an exam or test
- Impersonating another person at an exam or test or having someone else impersonate you
- Making up sources or facts for an essay or report.

As a student it is your responsibility to ensure the integrity of your work and to understand what constitutes an academic offence. If you have any concerns that you may be crossing the

line, always ask your instructor. Your instructor can explain, for example, the nuances of plagiarism and how to use secondary sources appropriately; he or she will also tell you what kinds of aids -- calculators, dictionaries, etc. -- are permitted in a test or exam. **Ignorance of the rules does not excuse cheating or plagiarism.**

Students are required to adhere to [policies set out by the University of Toronto](#). By taking this course you acknowledge these policies, including the [Code of Student Conduct](#), the [Code of Behaviour on Academic Matters](#), and the course policies set out in this course syllabus. It is your responsibility as a student at the University of Toronto to familiarize yourself with, and adhere to, these policies. This means, first and foremost, that you should read them carefully. Another helpful document that you should read is [How Not to Plagiarize](#), by M. Procter.

Accessibility: For accessibility services/accommodation, please see:
<http://www.studentlife.utoronto.ca/as>

Resources to help you at the UofT are listed at the Academic Success Centre:
<https://www.studentlife.utoronto.ca/asc>

For course-related issues, please get in touch with me and your College Registrar. For longer-run issues or issues outside our course please contact your College Registrar
<http://www.artsci.utoronto.ca/newstudents/nextsteps/contact>