

Course Syllabus

ECO349HS – Money, Banking & Financial Markets Department of Economics Spring 2023

Contact Information

Instructor: Prof. Angelo Melino

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Office: Max Gluskin House 327

Office hours: Wednesday 3:00 – 4:00 (online) or by appt.

Contact Hours

Lectures will be held in person, Tuesday 6:00-8:00 in RW 117.

An online tutorial/office hour will be held Monday 2:00-3:00.

Communication

All course materials and announcements will be posted on Quercus. Please visit the portal often for updates and announcements. My usual office hours will be held online via Zoom. I am also available by appointment, either in person or virtually. As a rule, I do not respond to phone calls, but I will usually respond to email within a day (except on weekends and holidays). However, I will **only read** emails sent through a **UTOR account** for record-keeping and identification purposes. Please put “**ECO349**” in the message title or your email may be caught by my spam filter. I will only respond to email posing questions that can be answered in a sentence or two. For a question that involves an equation or diagram, or the results of graded material, you should see me during my office hours. Please do not abuse your email access to me. Email should not be seen as a means to receive private tutorials or review material that was covered in class, but you missed.

Course Objectives and Learning Outcomes

This course explores a wide range of topics involving financial institutions and markets, and the links between them and the central bank. We examine the importance of money, banks, and other financial institutions in the economy, and how technology, information asymmetries, and regulation have shaped their evolution. Topics surveyed include the role of money and the financial system in promoting economic welfare, pricing bonds and stocks, what banks do, and the central bank’s goals and tools.

Course Materials

REQUIRED TEXTBOOK

Frederic Mishkin and Apostolos Serlitis: *The Economics of Money, Banking, and Financial Markets*, 8th Canadian Edition, Pearson Publishers (2023).

The textbook can be purchased as an e-text with a 180-day subscription (\$45.95).

Course Outline

PART I – Introduction

Chapter 1, (skip 1.4)	Why Study Money, Banking, and Financial Markets? plus Appendix 1.
Chapter 2	An Overview of the Financial System
Chapter 3	What is Money?

PART II – Financial Markets

Chapter 4	The Meaning of Interest Rates
Chapter 5	The Behaviour of Interest Rates
Chapter 6	The Risk and Term Structure of Interest Rates
Chapter 7	The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis

PART III – Financial Institutions and Financial Crises

Chapter 8	An Economic Analysis of Financial Structure
Chapter 9	Economic Analysis of Financial Regulation
Chapter 10	Banking Industry: Structure and Competition
Chapter 11	Financial Crises

PART IV – Central Banking and the Conduct of Monetary Policy

Chapter 14, p341-354	Central Banks and the Bank of Canada
Chapter 16, p390-420	Tools of Monetary Policy
Chapter 17	The Conduct of Monetary Policy: Strategy and Tactics

Evaluation

The Mid-term will be held on February 14 during class time. The Final Examination will be scheduled during the December exam period by the administration. A group paper project is due by 6pm on April 4.

Mid-term 35% and Final Examination 45% (***If Mid-term is better than Final Examination***).

Mid-term 25% and Final Examination 55% (***If Final Examination is better than Mid-term***).

Group Project 20%

The Final Examination will cover the entire course.

The Group Project will be a paper of 2000-2500 words (excluding charts, footnotes, and the bibliography), on a topic to be announced in class, to be submitted via Quercus to the University's Plagiarism Detection tool. Each group must have at most five members; groups smaller than three will be assigned a penalty of 10%.

No late submission or emailed copy will be accepted. 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.

Missed Term Work

Students who provide appropriate documentation will be allowed to write a makeup test on Feb 28. There is no “makeup for the makeup”; failure to write the makeup will result in a grade of zero, without exception.

Students who miss the test because of circumstances beyond their control (e.g. illness or an accident) can request special consideration. The following steps must be completed in order to be considered for academic accommodation for any missed test.

1. Your absence must be declared on ACORN on the day of the missed test, or by the day after, at the latest.
2. You must notify your professor by e-mail within one week of the missed test.
3. Consult your Registrar should your absence be lengthy or affect multiple courses.

The request that you submit represents an appeal from you, requesting the opportunity to account for that portion of your grade in some other manner. If the request is not received, or if the request is deemed unacceptable, you will receive a grade of zero for the item you missed. If the request is granted – that is, your reason for missing the term is considered acceptable by the professor – then you will be given permission to write the makeup test on Feb 28.

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/test once the test has begun. If you are feeling ill, please do not start the online or in-class test, seek medical attention immediately, and the policy on Missed Term Work will apply.*

Regrade Request

Requests for a regrade of the term test must be received in writing by Mar 14. Submit your test paper and an explanation of why you believe your grade should be changed. Please be advised that the marker may re-read and re-mark the entire test.

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 may choose NOT to submit their papers to the University’s plagiarism detection tool. In this case, I require that all members of the group project inform me of this decision no later than 1pm on Mar 14. I will also require that students submit an annotated bibliography, all rough work, along with the call numbers and web site addresses of all sources cited in their paper.