



## **Econ 305, A01 - Money and Banking** (last updated: Sep 2)

**Fall 2025 | CRN 11101 | TWF 10:30 – 11:20 in COR A221**

**UVic Land Acknowledgement:** *We acknowledge and respect the Lək'wəŋən (Songhees and X̱wsepsem/Esquimalt) Peoples on whose territory the university stands, and the Lək'wəŋən and WSÁNEĆ Peoples whose historical relationships with the land continue to this day.*

**Teacher:** Dr. Paul Schure, [schure@uvic.ca](mailto:schure@uvic.ca), office: BEC 336

**Office Hours:** Tuesdays from 1.30 to 2:20pm. Default is by MS Teams

- Or by appointment → Email and **propose three 15-minute slots** for either an in-person meeting or a call through MS Teams. Feel free to invite fellow students to join you.

**Modality:** Almost all classes are face to face and all exams are held in person.

### **Course Content**

This course is an introduction to banking and finance with attention to the fascinating topic of central banking as well. Broadly speaking the aim is to further your understanding of the roles of financial assets, institutions, and markets and how they affect people, companies and the economy as a whole. We will pay special attention to the Canadian institutional framework (e.g. the Bank of Canada).

This is a challenging course! It covers money, banking, and financial markets. This involves learning different types of models and theories, as well as institutional facts. There is a lot going on, but once you have truly mastered the material you have come to understand that everything boils down to just a few principles. Working hard (sometimes independently) will build a solid foundation for understanding the key connections between monetary theory and policy (ECON 104, 204, 406), corporate finance (COM 240, ECON 454), industrial organization (Econ 310A), and asset pricing (ECON 435).

### **Required textbook & Calculator**

**Textbook:** **Mishkin, F.S. and A. Serletis**, The Economics of Money, Banking, and Financial Markets, 8th Canadian edition, Pearson Education Canada Inc., Toronto, 2023 (we won't be relying on MyLab, so buy either the physical text or the e-text).

- Buy the textbook in-person or online through the UVic Bookstore (please not through the publisher). The Bookstore anyway offers the best value as they don't charge you the GST.
- The 7<sup>th</sup> edition is not drastically different. However, the page numbers, exercises, etc. are based on the 8<sup>th</sup> edition and if use the 7<sup>th</sup> edition it is up to you to figure out the differences and be responsible for possible omissions/changes.

The **SHARP EL-510** calculator, i.e. one of its many variations. No other calculators are permitted.

### **Classes**

Your attendance in class is expected (and active participation is much appreciated!) I will likely monitor class attendance, at least from time to time. Yet, this is really just for me to learn to what extent attendance matters and to gauge whether students are on track: attendance will not gain you any marks and missing classes will not cost you any marks. At least, not directly! Based on past experience, missing classes is just a poor strategy for almost all students. Just show up, as it is "half the battle".

Lectures will normally *not* be recorded, but I will post the lecture slides, either before or after the lectures.<sup>1</sup> I will not re-teach any classes that you may have missed or give anybody any class highlights, even if you missed class for a valid reason.

I encourage that you study in groups, be it online, in-person, or a combination. It really helps, and you will have a support group in case you need to miss a class. Leave me a message on MS Teams or email me in the first week of classes if you would like me to help you connect with fellow students.

### **Course schedule and “keeping up”**

Please, see the list of *course topics* and the *course schedule* on the last two pages of this outline. These may be updated as we proceed and, if so, find them in updated course outlines on Brightspace.

As said try to always attend classes. It helps even if you don't necessarily realize it. Also, as often as your schedule allows it, try to read (else skim through) the materials prior to the start of each class. I realize it is not a realistic assumption to assume students always pre-read, but it would 100% benefit you! If you need to “pick your battles” then make sure to at least prepare the exercises of our “tutorial sessions”: an analysis of the exercises is by far the most fruitful if you have tried solving them by yourself first. Do not be discouraged if you find that the exercises are tough at times. Knowing where/how to start is generally the hardest part, right? Try preparing by working in groups!

The course schedule indicates the material clearly, but our classes do not always cover the material comprehensively. You should not infer that omitted topics in lectures are not important. Lectures may omit them in case I believe they are better mastered by self-study, for example. It is your task as a student to figure out what parts of the material are more relevant than others. I am of course available to you with questions you may have regarding this. Also, I will leave study hints in the slides (sometimes in the form of questions) and will produce study guides for several chapters to help you.

### **Communication**

**Brightspace** is used for the course for (updates to) readings, lecture notes, and some announcements. All students are expected to be fully functional with the system and to log in daily, even if briefly.

**MS Teams.** You are required to have Teams activated. There will also be a Teams site for this class, which I use for **announcements** and you use for all **non-personal questions** (about the material or scheduling, etc). This way your fellow class mates benefit from your questions as well.

**Emails.** My email address is [schure@uvic.ca](mailto:schure@uvic.ca). Use emails for **personal** questions/notices or to book an office hour, but not for anything that belongs in Teams. Emails (i) must have logical subject headers that start with “Econ 305” and (ii) include your name and student number in the body of the message. The expectation is that correctly-sent emails are answered within 24 hours (both by the student and the teacher). I may miss incorrectly sent emails.

### **Grading**

**Grading scheme.** Your final grade will be determined as follows:

A quiz 5% [Fri Sep 12, topics in the Class Schedule below]

Three Midterms worth 60% in total:

- Midterm 1 (25%) [Wed Oct 15, topics in the Class Schedule below]
- Midterm 2 (20%) [Tue Nov 4, topics in the Class Schedule below]
- Midterm 3 (15%) [Fri Nov 28, topics in the Class Schedule below]

The Final exam, which is worth 35% [On Parts A.2, B, E, and F see the Course Topics below ]

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<sup>1</sup> These lecture slides will certainly help you, but they are, as you are aware, still a poor substitute for attending classes.

**Mandatory/Essential course components.** The mandatory course components are the three Midterms and the Final exam. Failure to complete **all** of these four course components will result in a “N” grade regardless of your cumulative percentage grade, i.e. a failing grade, which translates as a 0 you’re your GPA calculation.

Make-up midterms and quizzes are not a right, but students with a valid reason for missing a test, and who have communicated this to me correctly and in time (see “Possible accommodation for tests”), may be given an opportunity to write a retake test. Except for the retake of Midterm 1, all retake tests and quizzes take place on the day of the Final Exam (and start around 20-30 minutes after the exam ends).

### **Grading Scale:**

A+	90-100%
A	85-89%
A-	80-84%
B+	77-79%
B	73-76%
B-	70-72%
C+	65-69%
C	60-64%
D	50-59%
F or N	0-49%

Students should review the University’s more detailed [summary of grading](#).

### **Missing assessments / Possible accommodation**

Should students encounter a situation where they miss an exam or cannot submit an assignment at its due date, they may qualify for an academic concession. Students are required to indicate the specific grounds on which they are requesting an academic concession and to provide a justification outlining the impact of the circumstances on their ability to complete course requirements. Consideration for missed examinations may be given on the basis **of a correctly reported, as well as timely reported, valid reason** (valid reasons may include illness, an accident, a family affliction). If you miss any of the tests for a valid reason then I require that you let me know **by the starting time of the test** at the very latest and by [filling in and emailing me this form](#). (See “Communication” above on how to format emails you send me) In case you miss the final exam, then fill in a [request for a deferral](#) (please, cc me on the email & please, still complete the deferral form by the start of the final exam at the latest).

**Grading concerns.** Analysing how your answers got graded is very useful! But there will be some discipline on the process. For several tests we will work with “inspection sessions” where you can review your test and write down any concerns and questions you may have. You won’t be able to take your test with you, nor copy any content in these inspection sessions. (If not through the inspection sessions) all grading concerns should be initiated by email by the student no later than a week after the tests were returned. After one week your grade is final.

**Appeals.** Depending on the nature of your concern, the order in which you should normally try to resolve the matter is:

1. Me, the course instructor
2. the Associate Chair: [econassoc@uvic.ca](mailto:econassoc@uvic.ca)
3. the Associate Dean of Academic Advising
4. the Senate.

If you are seeking a formal review of an assigned grade, you should also consult the regulations in the academic calendar regarding [review of an assigned grade](#).”

### **Waitlist Policies**

- Instructors have no discretion to admit waitlisted students or raise the cap on the course.
- Students on the waitlist should discuss with the instructor how to ensure they are not behind with coursework in the event they are admitted.
- Registered students who do not participate as specified in this outline during the first 7 calendar days from the start of the course may be dropped from the course.
- Registered students who decide not to take the course are responsible for dropping the course and are urged to do so promptly out of courtesy toward waitlisted students.
- Waitlist offers cease after the last date for adding courses irrespective of published waitlists.

### **Academic Integrity**

Academic integrity requires commitment to the values of honesty, trust, fairness, respect, and responsibility. Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. A student who is found to have engaged in unethical academic behaviour, including the practices described in the [Policy on Academic Integrity](#) in the University Calendar, is subject to penalty by the University. The University reserves the right to use a plagiarism software to detect violations of academic integrity. For more information, see this [UVic resource from the UVic libraries](#).

### **Student Code of Conduct**

The Humanities, Science, and Social Sciences Faculties have adopted this [Student code of conduct](#). Please, review.

### **International Student Liason**

The International Student Liason in the Economics Department is Dr. Paul Schure who can help you connect with other international and domestic students in the Department. His email address is [schure@uvic.ca](mailto:schure@uvic.ca). Please, reach out if you are interested.

## University Policies and Statements

Please note that this course is executed in a manner consistent with these University statements and policies.

- a. University Calendar - Section "[Information for all students](#)"
- b. [Creating a respectful, inclusive and productive learning environment](#)
- c. [Academic Integrity](#)
- d. [Academic Concession Regulations](#), [Academic Concession and Accommodation](#), Academic Accommodation – [Policy AC1205](#)
- e. [Accommodation of Religious Observance](#)
- f. [Student Conduct](#)
- g. [Non-academic Student Misconduct](#)
- h. [Accessibility](#)
- i. [Diversity / EDI](#)
- j. [Equity statement](#)
- k. [Sexualized Violence Prevention and Response](#)
- l. [Discrimination and Harassment Policy](#)

## Resources for students

- a. [Student wellness](#)
- b. [Centre for Accessible Learning](#) (CAL)
- c. [UVic Learn Anywhere](#). UVic Learn Anywhere is the primary learning resource for students that offers many learning workshops and resources to help students with academics and learning strategies.
- d. [Library](#) resources
- e. Centre for Academic Communication ([CAC](#))
- f. Learning Strategies Program ([LSP](#))
- g. [Academic Advising](#)
- h. Economics Undergraduate Advising: [ecadvice@uvic.ca](mailto:ecadvice@uvic.ca)
- i. [Student Awards and Financial Aid](#)
- j. [International Student Advising](#)
- k. Indigenous student services ([ISS](#))
- l. [Student groups and resources](#) including UVic [Ombudsperson](#)

## Student Experience of Learning (SEL) Survey

I value your feedback on this course. Towards the end of term, you will have the opportunity to complete a confidential SEL survey regarding your learning experience. The survey is vital to providing feedback to me regarding the course and my teaching, as well as to help the department improve the overall program for students in the future.

## Course Topics

The following outline of the course topics, the readings, and the schedule are **tentative**. Any updates will be posted on Brightspace. Chapter references refer to our textbook.

### **Part A Course Overview, Money, and Finance [Part 1 in text]**

1. Why Study Money, Banking and Financial Markets (Ch.1)
2. What is Money? (Ch.3)
3. *Evolution of Money* (Brightspace “handout”)

### **Part B Financial Markets [Part 2 in text]**

1. Financial Markets Overview (Ch.2.1-2.4)
2. Review: Why Study Financial Markets (Ch.1.1)
3. Understanding Interest Rates (Ch.4)
4. The Behaviour of Interest Rates (Ch.5)
5. The Stock Markets, the Theory of Rational Expectations, and the Efficient Market Hypothesis (Ch.7) & Grossman and Stiglitz (1981), pp. 393-395, 404-405 [journal article]

### **Part C Financial Institutions [from Parts 3 and 4 in text]**

1. Financial Institutions Overview (Ch.2.5-2.7)
2. Asymmetric information primer (Brightspace “handout”)
3. An Economic Analysis of Financial Structure (Ch.8)
4. The Management of Banks (Ch. 12)

### **Part D Central Banking and the Conduct of Monetary Policy [Part 5 in text]**

1. Central Banks and the Bank of Canada (Ch. 14.1-14.5)
2. The Money Supply Process (Ch. 15)
3. Tools of Monetary Policy (Ch. 16)
4. The Conduct of Monetary Policy (Ch 17.1-17.4 (up to “Lesson for monetary policy...”))

### **Part E Sobering considerations on Money and Financial Markets**

1. Review independently: The Function of Financial Markets (Ch.2.1)
2. Review independently: Agency Problems in Financial Markets (Ch.8.3-8.5)
3. Financial Crises (Brightspace “handout(s)”)
4. On the need for financial market regulation
  - a. Micro-prudential regulation (Ch.9.1&9.2)
  - b. Deposit Insurance and macro-prudential regulation (Ch.9.3): focusing on the system
5. Review independently: Rajan and Zingales (2003) [article] and Zingales (2015) [journal article]

### **Part F Application (bringing together many of the course concepts): The Economics of Stable Coins**

## Tentative Class Schedule

(readings and tutorial guides on Brightspace; chapters refer to our textbook, i.e. Bodie et al.)

Week 1 (2 classes): Course overview and Ch.1

Week 2 (3 classes): A.2 & A.3 & **Quiz** [Covers Topics A.2 and A.3]

Week 3 (3 classes): B.1, B.2, and Ch.4 lecture

Week 4 (3 classes): Ch.4 tutorial, Ch.5 lecture and Ch.5 tutorial

Week 5 (2 classes): Ch.5 tutorial and Ch.7 lecture

Week 6 (3 classes): Ch.7 lecture, Ch.7 tutorial, and Part B / Midterm 1 Q&A session

Week 7 (3 classes): C.1-C.2, **Midterm 1** [Covers Part B], C.2 lecture 2

Week 8 (3 classes): Ch.8 lecture, C.1 and Ch.8 tutorial, Ch.12 lecture

Week 9 (3 classes): Ch.12 tutorial, Ch.14 lecture, Part C / Midterm 2 Q&A session

Week 10 (3 classes): **Midterm 2** [Covers Part C], Ch.15 lecture 1, and Ch.15 lecture 2

Week 11 (reading break + 1 class): Ch.15 tutorial

Week 12 (3 classes): Ch.16 lecture, Ch.16 tutorial, and Ch.17 lecture

Week 13 (3 classes): Ch.17 tutorial, Part F lecture, and **Midterm 3** [Covers Part D]

Week 14 (3 classes): E.4, E.5 tutorial, and Final exam prep session

**Final Exam:** Date TBA by UVic. [Covers A.2 and Parts B, E and F].

- Students that were granted accommodations for the Quiz, Midterm 2, or Midterm 3 will write their **retake midterm** immediately following the Final Exam. These retakes start about 20-30 minutes after the final exam ends.