

ECON 305 A01

Money and Banking

Spring Session:

2025 01 – CRN 21002 | Unit value **1.5** | Contact hours (classes): **3.0**

| TWF 11:30 AM – 12:20 PM in Clearihue Building A224 | Updated December 30th 2024

UVic Land Acknowledgement

We acknowledge and respect the Ləkʷəŋən (Songhees and Esquimalt) Peoples on whose territory the university stands, and the Ləkʷəŋən and W̱SÁNEĆ Peoples whose historical relationships with the land continue to this day.

Instructor: *Dr. Olha Yermolenko*

Office: **BEC 318**

Email: olhayermolenko@uvic.ca

Office Hours: 1:20 – 2:20 pm on Tuesdays (in-person) or by appointment (feel free to email me what time works best for you to make an appointment in-person).

Course Content

Students will explore the fundamental components of the financial system: money, banking, and financial markets, and examine their influence on businesses, the economy, and individual decision-making. Students will analyze different types of models and theories, including the roles of financial institutions and assets, monetary policy frameworks, market dynamics, and the impact of central banks' decisions on macroeconomic indicators. Students will evaluate the forces driving money in all its forms, including traditional banking and the volatility of digital assets like cryptocurrencies, identifying associated risks and opportunities in financial markets. Special attention will be given to the structure and operation of Canadian financial institutions.

By the end of the course, students will be able to relate real-world financial events and news to economic theories, building a foundation for understanding key connections between several topics: monetary theory and policy (ECON 104, 204, 406), corporate finance (COM 240, ECON 454), industrial organization (ECON 310A), and asset pricing (ECON 435).

Textbook

The required textbook for this course is: Mishkin, F.S. and A. Serletis, *The Economics of Money, Banking, and Financial Markets*, 8th Canadian edition, Pearson Education Canada Inc., Toronto, 2022 **with MyLab**. We will use MyLab so you'll need to access it if you buy the text separately. Buy the textbook plus MyLab in-person or online through the UVic Bookstore (please not through the publisher).

BrightSpace

Brightspace is used extensively for the course for readings, announcements, lecture notes, etc. All students are expected to be fully functional with the system and to log in daily or more frequently. Ask questions about content ideally through Brightspace (or by email). This way your fellow class mates benefit from your questions as well. The course materials, including lecture notes, weekly announcements, and any updates will be posted through Brightspace.

Grading

The course is assessed through one final exam, two midterm exams, MyLab and problem sets. Problem sets will be assessed based not on correctness only, but on completion.

Overall Grade Structure:

MyLab	10%	weekly
Problem Sets	20%	periodically
Midterm Exam I	20%	February 7th
Midterm Exam II	20%	March 7th
Final Exam	30%	TBA

Mandatory/Essential Course Components

All three exams are mandatory components of the course. You must complete two in-person midterm exams and the final exam to pass the course this term. The only electronic device allowed during exams is a basic non-programmable calculator. All other electronics MUST be placed where they cannot be reached during the exam. Failure to meet these course requirements will result in a grade of “N” regardless of the cumulative percentage earned in the course. N is a failing grade and factors into your GPA calculation as a value of 0.

Midterm Exams (2x20%): The midterm exams are scheduled for *February 7th* (Midterm I) and *March 7th* (Midterm II). The tests require careful studying of the notes and the end-of-chapter exercises listed in the course schedule (including those that are not discussed in class). No extensions will be granted for the midterm exam without formal, documented evidence of illness or family affliction (see the policy on late assignments). If you miss the midterm exam entirely without documented illness or family affliction, you will receive 0% on the exam.

Final Exam (30%): The Final Exam will consist of multiple-choice questions, open-answer questions, and calculations, with all necessary formulas provided. No extensions will be granted on the final exam without formal documented illness or affliction (see policy on late assignments).

My Lab (10%): MyLab will be used as an important tool to keep up with the material. Chapter quizzes are usually available every Monday at 8:00 am and will be due on the Fridays at 9:00 pm (starting 2nd week). Note that the MyLab DSMs and quizzes are generally insufficient

preparation for performing well on the midterm tests in this course. They help you acquire basic knowledge and to stay on track. Managing the deadlines of the MyLab quizzes requires work and commitment. You are responsible for keeping track of the deadlines and identifying any problems with your completing the assignments on time. Starting earlier than just before the deadline is a highly recommended strategy! The only accommodation for any missed MyLab marks is that I will allow you to miss 1 - up to 2 of them, because you may be ill at times, or there is a travel, etc. Also I will drop your one lowest chapter mark. Think of it this way: even if you miss 10% of the maximum possible marks on MyLab, then you will still get a 100% on this course component.

Short Problem Sets (20%): There are mostly weekly short problem sets designed to give you practice in solving problems to be completed during the course. Problem Sets will be given at regular intervals throughout the course. They will be equally weighted and account for a total of 20% of the course grade. They are graded not only on correctness, but also on completion (i.e., if you turn in all the assignments and it turns out that the correct answer is different, you will receive 10% of the possible 20%). Answers must be submitted the same day or, as an exception, by 10 am the day after the assignment is due by uploading PDF versions of the answers to Brightspace/Crowdmark (if you are scanning/photographing handwritten answers, make sure they are legible and converted to PDF format). Extended deadlines are not granted without official documentation of illness or family reasons. You may miss one task without penalty.

Grading Scale for the grade on ECON 305:

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

You can review the University's more detailed [summary of grading](#).

Classes

The lectures, tutorial sessions and midterm tests for this class will therefore normally take place in-person and during the lecture slot. Your attendance in class is expected, 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 the gauge whether students are on track: attendance will not gain you any marks and missing classes will not cost you any marks. If you miss a class then there is no need to let me know.

Lectures will normally *not* be recorded, but I will post the lecture slides, either before or after the lectures. 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.

Note: All material covered in lectures, problem sets, and relevant textbook chapters may appear on the midterm or final exam. Therefore, attendance at lectures and tutorials is highly encouraged. Attendance and participation in the course are strongly correlated with final course grades. All exams are cumulative since the material presented in lectures and chapters builds on itself.

Missing Assessments

Should students encounter a situation where they miss an exam or cannot submit an assignment/quiz by its due date, they may qualify for an academic concession. Students are required to specify the grounds for requesting an academic concession and provide a justification explaining how the circumstances impacted their ability to complete course requirements. Consideration for missed examinations may be given on the basis of a timely and correctly reported valid reason, including illness, an accident or a family affliction. If you miss one of the tests for a valid reason then I require that you let me know by the time of the test at the very latest. Failure to do so on time will typically preclude any possible academic concession. How to let me know? In case you believe you may have a valid reason for missing a test, then (i) contact me by email (see “emails” on page 8 for how to send emails) no later than by the time of the test and (ii) explaining the reason (iii).

For in-course extensions, please [fill in the form and follow the instructions on the form](#).

Informal requests for academic concessions will not be considered. In case you miss the final exam, fill in a [request for a deferral](#).

Students are advised not to make work or travel plans until after the examination timetable has been finalized. Those who wish to finalize their travel plans earlier should book flights that depart after the end of the examination period. Travel plans that conflict with the examination schedule do not qualify for an academic concession.

Course Policies

This course adheres to the [Undergraduate Course Policies](#) of the Department of Economics that deal with the following issues:

- Academic concessions
- Academic integrity (plagiarism and cheating)
- Attendance
- Grading
- Inclusivity and diversity
- Late adds
- Late assignments
- Repeating courses
- Review of an assigned grade
- Sexualized violence prevention and response
- Students with a disability
- Term assignments and debarment from examinations
- Travel plans

- Waitlists

The following policies are explicitly included because of their importance:

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.

Review [What is Plagiarism](#) for the definition of plagiarism. Note: Submitted work may be checked using plagiarism detection software.

Student Code of Conduct

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

University Policies

- University Calendar - Section "[Information for all students](#)"
- [Creating a respectful, inclusive and productive learning environment](#)
- [Accommodation of Religious Observance](#)
- [Student Conduct](#)
- [Non-academic Student Misconduct](#)
- [Accessibility](#)
- [Diversity / EDI](#)
- [Equity statement](#)
- Discrimination and Harassment [Policy](#)
- [Policy on Human Rights, Equity and Fairness](#) - The University is committed to promoting, providing and protecting a positive, supportive and safe learning and working environment for all its members.

Sexualized Violence Prevention & Response

UVic takes sexualized violence seriously, and has raised the bar for what is considered acceptable behaviour. Students are encouraged to learn more about how the university defines sexualized violence and its overall approach by visiting www.uvic.ca/svp . If you or someone you know has been impacted by sexualized violence and needs information, advice, and/or support please contact the sexualized violence resource office in Equity and Human Rights (EQHR). Contact svpcoordinator@uvic.ca.

Resources for Students

[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.

[Centre for Accessible Learning](#) - Students with diverse learning styles and needs are welcome in this course. In particular, if you have a disability/health consideration that may require accommodations, you are free to approach me; however, you must register with the [Centre for Accessible Learning](#) (CAL) for formal arrangements to be made. The CAL staff are available by

appointment to assess specific needs, provide referrals and arrange appropriate accommodations. The sooner you let us know your needs the quicker we can assist you in achieving your learning goals in this course.

[Centre for Academic Communication](#) - Offers coaching on [academic integrity](#), including preventing accidental plagiarism. Provides support to students with time management, reading, writing, speaking, understanding academic expectations, and other aspects of academic communication as well as creating academic posters, blogposts, PowerPoint slides, and e-portfolios.

[Health Services](#) - University Health Services (UHS) provides a full service primary health clinic for students, and coordinates healthy student and campus initiatives.

[Support Connect](#) - a 24/7 mental health support service for students: Call-free (calls from North America): 1-844-773-1427; International collect calls: 1-250-999-7621

[Counselling Services](#) - Counselling Services can help you make the most of your university experience. They offer free professional, confidential, inclusive support to currently registered UVic students.

[Indigenous Student Services](#) - Indigenous UVic students have access to many sources of support on campus. Before, during and after your time at UVic, you are encouraged to explore programs and services available to you, such as [Indigenous counselling services](#) and the [Elders in Residence](#), as well as non-academic programs that may be of interest to you.

[International Student Support](#) - The University of Victoria offers a number of resources to support international students as they pursue their studies. UVic's [International Centre for Students](#) is the primary office supporting international students on campus at the university-wide level and provides various supportive program through the [UVic Global Community Initiative](#), including a Mentorship Program and Conversation Partner Program.

For academic advising-related questions, students in the Economics Department are also encouraged to meet with the Economics Undergraduate Advisor (Brooklynn Comish-Trimble, ecadvice@uvic.ca) as well as an academic advisor in the [Academic Advising Centre](#) early in their studies to help map out a plan to declare a major and complete university program requirements. Other resources include the [Centre for Academic Communication](#) and the [Math and Stats Assistance Centre](#).

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. Please, reach out if you are interested.

Course Experience Survey (CES)

I value your feedback on this course. Towards the end of term you will have the opportunity to complete a confidential course experience survey (CES) 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.

When it is time for you to complete the survey, you will receive an email inviting you to do so. If you do not receive an email invitation, you can go directly to the [CES log-in](#). You will use your UVic NetLink ID to access the survey, which can be completed on your laptop, tablet or mobile device. I will remind you nearer the time, but please be thinking about this important activity, especially the following three questions, during the course.

- What strengths did your **instructor** demonstrate that helped you learn in this course?
- Please provide specific suggestions as to how the **instructor** could have helped you learn more effectively.
- Please provide specific suggestions as to how this **course** could be improved.

Course Structure

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.

Course Topics	Chapters	Week	Exams
Part 1 Money			Midterm I February 7th
Why Study Money, Banking and Financial Markets	Ch. 1	1	
<i>Evolution of Money & History of the Canadian Dollar</i> (Brightspace “handout”)	Mandatory Evolution of Money & (Optional reading) History of the Canadian dollar	1	
What is Money?	Ch. 3	1	
Tutorial Class	The end-of-Ch.1 & Ch.3 qns	2	
Part 2 Financial Markets			
Review: Why Study Financial Markets	Ch.1, pp 2-4	2	
Financial Markets Overview (Functions of Financial Markets: Direct Finance)	Ch.2	2	
Understanding Interest Rates	Ch.4	2	
The Behaviour of Interest Rates	Ch.5	2, 3	
Tutorial Class	The end-of-Ch.2 & Ch.4 qns	3	
The Stock Markets, the Theory of Rational Expectations, and the Efficient Market Hypothesis	Ch.7	3, 4	
Tutorial Class	The end-of-Ch.5 qns	4	
Tutorial Class	The end-of-Ch.7 qns	5	
Midterm Exam Review Session	Part 1-2	5	
Midterm Exam I	Part 1-2	5	
Part 3-4 Financial Institutions			Midterm II March 7th
Financial Institutions Overview (Functions of Financial Intermediates: Indirect Finance)	Ch.2, pp. 34-45	6	
Tutorial Class	The end-of-Ch.2 qns (Indirect Finance)	6	
An Economic Analysis of Financial Structure	Ch.8	6	
Reading Break	Enjoy reading	7	
Tutorial Class	The end-of-Ch.8 qns	8	
Regulation	Ch.9	8	
Tutorial Class	The end-of-Ch.9 qns	8	
The Management of Banks	Ch. 12	8	
Tutorial Class	The end-of-Ch.12 qns	9	
Midterm Exam Review Session	Part 3-4	9	
Midterm Exam II	Part 3-4	9	

Course Topics	Chapters	Week	Exams
Part 5 Central Banking and the Conduct of Monetary Policy			Final Exam + some qns from Midterms I and II
Central Banks and the Bank of Canada	Ch. 14	10	
Tutorial Class	The end-of-Ch.14 qns	10	
The Money Supply Process	Ch. 15	10	
Tutorial Class	The end-of-Ch.15 qns	11	
Tools of Monetary Policy	Ch. 16	11	
Tutorial Class	The end-of-Ch.16 qns	12	
Part 6 Financial Crises			
Financial Crisis	Ch.11	12	
Tutorial Class	The end-of-Ch.11 qns	13	
<i>Financial Crises and Economic Crises</i> (Brightspace “handout”)	Optional reading		
Final Exam Review Session	Part 5-6	13	
Final Exam	Part 5-6	TBA	
	Classes end on April 4th		

E-mail Correspondence

Use my email address olhayermolenko@uvic.ca for questions, notices, or to book an office hour. Emails (i) must have logical subject headers that start with “Econ 305” and (ii) include your full name and student number (V#) 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 concerns

Analysing how your answers got graded is very useful! Email me asap in case you should have any questions or concerns regarding how a test got graded. I really don't mind and even appreciate it! Your email should make very clear whether you have a question or a concern. All grading concerns should normally be initiated, and ideally dealt with, no later than a week after the tests were returned. After one week your grade is final.

Educational Technology involving storage outside Canada

MyLab, which we use in this course, requires and stores personal information of students outside Canada. Personal information is required by the service.

If you are not comfortable with your personal information being stored outside of Canada, or you are not sure, please contact me in the first week of class about using an alternative, which is possible (such as using an alias or nickname). Otherwise, by continuing in this course, you agree to the use of the educational technology in the course and the storage of personal information outside of Canada.