Econ 305 - Money and Banking

Course outline, Fall 2024 (last updated: May 8)

ECON 305 A01 | CRN 31217 | TWF 10:30 – 12:20 in COR B112

UVic Land Acknowledgement: We acknowledge and respect the Lək̓ʷəŋən (Songhees and Esquimalt) Peoples on whose territory the university stands, and the Ḻək̓ʷəŋən and WSÁNEĆ Peoples whose historical relationships with the land continue to this day.

Teacher: Dr. Paul Schure, schure@uvic.ca, office: BEC 336
Office Hours: Thursdays from 10.30 to noon. 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.

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. Working hard (sometimes independently) in this course will build 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).

We will cover the same material and I apply the same standards as if the course were taught in the Fall or Spring term. But it goes at twice the pace, i.e. approximately the speed of light. I am only half joking here: doing this course in this term essentially means you are committing to a half-time job during the seven weeks of classes that the course takes. It requires you to be proactive, rather than reactive (Success requires a “There are always things you can do” attitude!).

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 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.¹ 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 a message on MS Teams if you find it hard to connect up with class mates (else email me in the first week, I’d like to help!)

¹ These lecture slides will certainly help you, but they are, as you are aware, still a poor substitute for attending classes.
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. [The 7th edition is not drastically different. However, the page numbers, exercises, etc. are based on the 8th edition and if use the 7th 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.

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.

I expect you to have read the materials prior to the start of each class. Of course 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. Yet, the exercises can be quite tough, especially if you do them by yourself. Prepare by working in groups!

The course schedule indicates the material clearly, but our classes may not cover the material comprehensively. You should not infer that omitted topics in lectures are not important. They may be “easy” and/or I may 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 and will produce study guides for several chapters to help you.

Communication
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 Teams, we will figure out what works best soon), so not by email. This way your fellow class mates benefit from your questions as well.

MS Teams. There will also be a Teams site for this class, which you use for all online questions about the material or scheduling, etc.

Emails. My email address is schure@uvic.ca. Use emails for personal questions, notices, or to book an office hour. 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 concerns. Analysing how your answers got graded is very useful! 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 such an inspection sessions. Should any test be handed back, then review independently and email me asap in case you have any questions or concerns. Again, I really don’t mind and even appreciate it! But… 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.
Grading

Grading scheme. Your final grade will be determined as follows:
Two Quizzes worth 2x5 = 10% [Details and dates are below]
Three Tests worth 3x20% = 60% [Details and dates are below]
The Final exam, which is worth 30% [On Parts B and E, see the Course Topics below]

Mandatory course components. The mandatory course components are the three Tests and the Final exam. Failure to complete all of these four items will result in a grade of “N” regardless of the cumulative percentage on the course. N is a failing grade and factors into GPA as a value of 0.

Failure to complete any of the mandatory course components will result in a grade of “N” regardless of your cumulative percentage on the course according to the grading scheme above. N is a failing grade and factors into GPA as a value of 0.

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, on the day of the Final Exam (except for Test 1).

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).
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.

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.

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](http://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](mailto: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
  - Toll-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 Liaison 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 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)

Part E  Sobering considerations on Money and Financial Markets
1. Review: The Function of Financial Markets (Ch.2.1)
2. Review: Agency Problems in Financial Markets (Ch.8.3-8.5)
3. Financial Crises (Brightspace “handout(s)”)
5. Micro-prudential regulation (Ch.9.1&9.2), i.e. a public policy response to the issues of Part E
6. Deposit Insurance and macro-prudential regulation (Ch.9.3): focusing on the system
Tentative Course Schedule
(readings and tutorial guides on Brightspace; chapters refer to the main textbook, i.e. Bodie et al.)

May 14: Course overview and Ch.1
May 15: A.2 & A.3
May 17: Quiz 1 and B.1, B.2, and Ch.4 lecture  [Quiz 1 covers Topics A.2 and A.3]
May 21: B.3 Ch.4 tutorial and B.5 lecture
May 22: Ch.5 tutorial and Ch. 7 lecture
May 24: Ch.7 lecture and tutorial

May 28: Part B / Test 1 Q&A session
May 29: Test 1 and C.1  [Test 1 covers Part B]
May 31: C.2 & C.3

June 4: C.1 & C.3 tutorial and Ch.12 lecture
June 5: Ch.12 tutorial and Part C / Test 2 Q&A session
June 7: Test 2 and Ch.14  [Test 2 covers Part C]
June 11: Ch.14 tutorial & Ch.15 lecture
June 12: Ch.15 tutorial
June 14: Ch.16 lecture and tutorial

June 18: Ch.16 tutorial & Test 3 Q&A session
June 19: Test 3 and Ch.17 lecture  [Test 3 covers Part D.1-D.3]
June 21: Ch.17 tutorial and E.1-E.3

June 25: Quiz 2 and E.4  [Quiz 2 covers Topic D.4]
June 26: E.5 and E.6 and Final exam Q&A session
June 28: Final Exam  [The Final covers Parts B & E]
June 28: 2:30 to 4:30pm (students that got granted accommodation on either a Quiz or for Tests 2 or 3 write their retake test in MAC D116. Report any potential conflict with this timeslot in Week 1)