ECON 305 A03
Money and Banking
CRN 23824

Winter Session: Second Term 2019 01

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Office Hours: Monday 5:30 – 6:30 PM, or by appointment

Course Content
This course examines the role of money, private financial intermediation, and monetary policy in the Canadian economy. The course will consider:

a) the institutional structure of financial markets and money market instruments in Canada;
b) theoretical and empirical aspects of interest rate determination, asset pricing, and the hedging of financial risk;
c) the operation and regulation of the commercial banking industry in Canada; and

d) central banking and the role of monetary policy in Canada.

Textbook
The required course textbook is:

The fifth edition of the textbook is a satisfactory substitute.

Grading
The final grade will be determined as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Date</th>
<th>Value</th>
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<tbody>
<tr>
<td>Midterms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midterm 1</td>
<td>February 4</td>
<td>20%</td>
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<tr>
<td>Midterm 2</td>
<td>March 11</td>
<td>30%</td>
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<tr>
<td>Final Exam</td>
<td>TBD</td>
<td>50%</td>
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Note:
1. The final exam will be comprehensive.
2. The final exam schedule will be posted at the end of February. Students are advised not to make travel plans until after the examination timetable has been finalized. There will be no special accommodation if travel plans conflict with the examination.
3. Make up midterm exams will not be offered. If a “Request for Academic Concession” is granted the weight on the final exam will be increased accordingly. You must submit a “Request for Academic Concession” signed by an appropriate health professional to have the weight of a missed exam transferred to the final exam.
4. Dictionaries are not permitted in examinations except with the prior approval of the instructor.
Grading Scale:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A+</td>
<td>90-100</td>
</tr>
<tr>
<td>A</td>
<td>85-89</td>
</tr>
<tr>
<td>A-</td>
<td>80-84</td>
</tr>
<tr>
<td>B+</td>
<td>77-79</td>
</tr>
<tr>
<td>B</td>
<td>73-76</td>
</tr>
<tr>
<td>B-</td>
<td>70-72</td>
</tr>
<tr>
<td>C+</td>
<td>65-69</td>
</tr>
<tr>
<td>C</td>
<td>60-64</td>
</tr>
<tr>
<td>D</td>
<td>50-59</td>
</tr>
<tr>
<td>F or N</td>
<td>0-49</td>
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</tbody>
</table>

Students should review the University’s more detailed summary of grading.

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
- Students with a disability
- Term assignments and debarment from examinations
- Travel plans
- Waitlists

The following policies are explicitly included because of their importance.

Examinations
Attendance at all scheduled examinations is mandatory. Consideration for missed examinations will be given only on the basis of documented illness, accident or family affliction, and for no other reasons. In the event of a missed final examination, students are advised to follow the procedures outlined in the University Calendar.

Students are advised not to make work or travel plans until after the examination timetable has been finalized. Students who wish to finalize their travel plans at an earlier date should book flights that depart after the end of the examination period. There will be no special accommodation if travel plans conflict with the examination.

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 show up in the first seven 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.
University 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.

See General University Policies

Accessibility & Health Resources
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.

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

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.

Elders' Voices - The Office of Indigenous Academic and Community Engagement (IACE) has the privilege of assembling a group of Elders from local communities to guide students, staff, faculty and administration in Indigenous ways of knowing and being.

CourseSpaces
- CourseSpaces is used extensively for the course. All students are expected to be fully functional with the system.
- The lecture notes will be posted in CourseSpaces. Please note that the lecture notes online are only outlines of the actual lectures.
- All announcements will be posted in CourseSpaces. Students are advised to check it frequently.

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.
Tentative Course Schedule (The reading list will be modified during the course; there will be some additional readings. Please check CourseSpaces for updates.)

Part I. Introduction and Overview
   A. The Economic Function of the Financial System
   B. An Overview of the Financial System
   C. What is Money?
      Reading: Mishkin – Chapters 1 – 3

Part II. Financial Markets
   A. Understanding Interest Rates  Reading: Mishkin – Chapters 4 – 6.
   B. Understanding Exchange Rates Reading: Mishkin – Chapter 18.
   C. The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis (tentative)
      Reading: Mishkin – Chapter 7.

Part III. Decision Makers in the Financial System
   A. The Household Sector  Reading: Class notes
   B. Financial and Non-Financial Sectors  Reading: Class notes

Part IV. Financial Institutions
   A. An Economic Analysis of Financial Structure and Regulation  Reading: Mishkin – Chapters 8 – 10
   B. The Financial Industry  Reading: Mishkin – Chapter 11

Part V. Management of Financial Institutions
   A. The Management of Financial Institutions  Reading: Mishkin – Chapters 12 & 13

Part VI. Central Banking and the Conduct of Monetary Policy
   A. Central Banking  Reading: Mishkin – Chapter 14.
   B. Determinants of the Money Supply  Reading: Mishkin – Chapter 15.
   C. Tools and the Conduct of Monetary Policy  Reading: Mishkin - Chapters 16 & 17

Problem sets
A series of problem sets will be posted on the CourseSpaces page during the course. While these will not be graded, you are encouraged to work through the problem sets to gauge your understanding of the material. Most students will find that carefully solving the practice problems significantly increases their understanding of the material. Students are encouraged to work on these problems in groups after first attempting them individually.

E-mail correspondence
Please reserve emails for administrative issues, such as inability to attend class, an exam, or prolonged illness, or to provide general feedback about the course or course content. Please utilize office hours and class time to ask questions on course material. To ensure I can understand your message, please avoid text message jargon in your email.

Electronic devices
Please turn your cell phone to silent (or, if absolutely necessary, to vibrate mode) before the start of each lecture. During exams, you are permitted to use a basic calculator that performs functions limited to addition, subtraction,
multiplication, division, and scientific functions (e.g. exponents, trigonometry). I reserve the right to use my discretion in determining the appropriateness of any student’s calculator and to approve or deny its use during an exam. The use of cell phones and all other electronic devices (including calculator functions or apps on your cell phone or other electronic device) is strictly forbidden during exams. Please leave all such devices in your bags and out of sight. If you are found using or looking at a cell phone or other electronic device during an exam, you will receive an automatic score of zero for that exam.

Identification
Students will be required to present valid student ID at the midterm and final exams.

Public policy discussion
Throughout the course we will supplement our theory by discussing current public policy issues. You are encouraged to ask questions and participate in class discussions. We will discuss multiple viewpoints with emphasis on an economist’s perspective. Please note that any viewpoints discussed in class are entirely my own and do not represent those of the university or any other organization.