

COURSE OUTLINE

ECON-201 Money and Banking 3 Semester Hours

HOWARD COMMUNITY COLLEGE

Description

Money and Banking provides an analysis of our monetary and banking systems and their relationships to the United States Economy. Topics include the origin and nature of money, the development and functions of commercial banking and other financial industries, the Federal Reserve System, and the relationship between fiscal and monetary policies in our economy. Prerequisite: ECON-101. (3 hours weekly)

Overall Course Objectives

Upon successfully completing this course, you should be able to:

1. Describe the relationship between money, the financial system, and our economy.
2. Describe interest rates and how they are determined.
3. Explain how adverse selection and moral hazard influence banking decisions.
4. Discuss principles of asset and liability management.
5. Describe the organization of our and foreign banking industries.
6. Evaluate the causes which led up to recent financial crises.
7. Discuss recent innovations in banking.
8. Analyze the money supply and the money supply process.
9. Describe the structure of the Federal Reserve System and the tools of monetary policy.
10. Evaluate foreign exchange rates and aspects of the international financial system.

Major Topics:

- I. Introduction
 - A. The significance of Money, Banking and Financial Markets
 - B. The Money Supply and Its Effects on other Economic Variables
 - C. The Financial System

- II. Interest Rates
 - A. Interest Rate Determination
 - B. The Theory of Asset Demand
 - C. The Risk and Term Structure of Interest Rates

- III. Financial Institutions
 - A. Adverse Selection and Moral Hazard
 - B. The Banking Industry
 - C. Banking Regulation
 - D. Financial Innovation

- IV. Monetary Policy
 - A. Multiple Deposit Creation
 - B. The Federal Reserve System
 - C. Monetary Policy Tools

- V. International Finance
 - A. Foreign Exchange Markets
 - B. The International Financial System

Course Requirements

Grading/exams - Grading procedures will be determined by the individual faculty member but will include the following:

Exams and/or quizzes - final grades will include at least four "tests" (4 exams and 0 quizzes, or 2 exams and 2 quizzes, etc.)

Presentations - a specific presentation assignment will be determined by the individual faculty member. This may take the form of an individual presentation or panel debate.

Term paper - a six page paper on a money and banking topic will be required.

Other Course Information

This course is a Social Science, Arts and Science, and Business elective.