

Course Code & No. - Section: BFIN 470
Course Title (Credits): Money and Banking
Term & Year: Fall / 2015
Course Ref. No. (CRN): 80068
Instructor: Stacy Taylor, MBA
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Office: TCES, 2nd floor offices
Office Hours: M and W 1:30-4:00. T, Th by appointment

Class Meeting Time: Section 1: T, Th 11:30-12:45

Location: TCES 215
Prerequisites: Econ 102, ACCT 204, ACCT 205, BFIN 351
Corequisites: None

The Mission Statement

Sierra Nevada College graduates will be educated to be scholars of and contributors to a sustainable world. Sierra Nevada College combines the **liberal arts** and **professional preparedness** through an interdisciplinary curriculum that emphasizes **entrepreneurial thinking** and environmental, social, economic and educational **sustainability**.

Course Description This course examines the structure and function of the banking system and financial markets in the United States. Topics covered include: financial markets/institutions, the use of monetary policy in regulating the national economy, the role of the Federal Reserve System, money management/asset allocation (personal and corporate), international finance, and monetary theory

Student Outcomes

Upon successful completion of this course, a student will be able to:

- Explain the key components of the financial system including stocks, bonds, foreign exchange, securitized loans, financial institutions, and the Federal Reserve.
- Be able to apply the tools of present value and future value, yield to maturity and how these affect interest rates and bond prices.
- Understand the supply of loanable funds and the impact on international capital markets.
- Be able to apply principles of risk to interest rates and the structure of an investment portfolio.
- Understand the workings of the stock market including market efficiency and expectations theory.
- Examine strategies for managing risk including derivatives, hedging, speculation, options, swaps, and futures contracts.
- Explain foreign exchange markets and their effects on trade.
- Understand the banking system including bank balance sheets, how banks manage risk, and trends in the US banking system including pending legislation.
- Look at the role of investment banks and non-bank financial institutions and their role in the recent financial crisis.
- Examine the role of the central bank, both in the US and internationally.

- Take an inside look at the function of the Federal Reserve Bank and controversy around the current Federal Reserve policy.
- Look at what effect monetary policy has on the money supply, the Fed funds rate and the money multiplier.
- Understand the changing face of monetary policy in a global environment.

Methods of Assessing Student Outcomes

Student outcomes will be assessed using the following:

1. Financial and Economic News discussions at the start of Wednesday class
2. Formal mid-term and final examinations emphasizing application of knowledge and principles
3. Written economic thought papers focusing on situation analysis designed to help the student assess the ability to apply key skills and knowledge to current economic issues.
4. Team project and presentation of ideas for a solution to a current economic problem.

Instructional methodology

This course will emphasize the application of economic thinking to actual situations and current events. In order to master the tools of economic analytic thinking, students will practice using the tools and applying them to actual problems. Since it is assumed that students in the course can read the material presented and explained in the required texts, in-class lectures will be kept to a minimum and will primarily serve to clarify or amplify material explained in the text. Therefore, it is expected that all students will have completed any required reading or assigned work prior to the class session(s) to which it pertains. Not all material appearing in the textbook may be covered in class or in assignments, but all such material is eligible for inclusion in the quizzes and exams. Assigned reading will include articles, film clips and other media sources, which will also be included in exams.

Required Texts and Material

R. Glen Hubbard and Anthony O'Brien. *Money, Banking and the Financial System*, 2nd edition, Pearson, Prentice Hall 2014

Attendance

In order to maximize your learning, you are expected to attend class. Most of the learning will occur as we work together to apply the concepts learned in the readings and in study groups. You are expected to be a part of the learning community and participate fully in each class session. In addition, CPA and in-class writing points can **only** be earned if you attend. Use of electronic devices is limited to using a laptop or tablet to take notes. Other uses such as texting, surfing the internet, or making calls are disrespectful to the learning community.

Study groups

Because of the nature of the material and the value of working with students from a wide variety of backgrounds and disciplines, study groups are highly recommended. Working as part of a group while preparing CPAs, discussing assigned media reviews and preparing for quizzes and exams is very helpful. During the first few weeks of class it is suggested you work to form groups to help maximize your learning and opportunity for points.

Course Expectations

The table below clarifies the minimum respective responsibilities of students and the instructor in this class. Failure by students to meet with these responsibilities will diminish their educational experience, performance, and/or course grade. Noncompliance by an instructor may affect his/her personal performance rating.

| STUDENT RESPONSIBILITIES | FACULTY RESPONSIBILITIES |
|--|--|
| 1. Students are responsible for their own educational achievement. | 1. Faculty members are responsible for facilitating a classroom learning environment in each class session in which all students have an opportunity to achieve the learning outcomes of the course. |

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| 2. Students are responsible for coming to all class sessions fully prepared to participate in discussions and/or activities scheduled for the period. This includes reviewing all assigned readings, completing class preparation assignments, assigned homework, and/or other preparatory tasks assigned by the instructor. | 2. Instructors are responsible for ensuring that class preparation assignments, homework, etc. is relevant to the planned topic for the class and overall course objectives. The professor will be able to communicate relevance to students if questioned. |
| 3. Students are responsible for asking relevant questions about course concepts about which they are uncertain. If such questions cannot be dealt with during the regular class period, students are responsible for arranging to meet with the instructor during office hours. | 3. Instructors are responsible for responding appropriately and professionally to student inquiries about course concepts, and – if required – agreeing to consult privately with students during office hours in order to clarify course concepts when not possible to do so during class without detracting from educational experience of other students. |
| 4. Students are responsible for bringing to the instructor's attention as soon as possible the presence of any special learning needs of which the instructor should be cognizant in order to properly perform his/ her professional responsibilities. If a student requires special ADA accommodations, he/she is responsible for contacting Academic Services to discuss their needs (see Section VIII, p. 35, in the 2008-09 catalog). | 4. Instructors are responsible for: (a) complying with all applicable laws, regulations and SNC policies with regard to students with academic learning challenges, and (b) taking reasonable steps to assist or counsel students in general regarding means of maximizing their educational achievement in the class. |
| 5. Students are responsible for ensuring they understand the performance standards established for the course, and for accepting that such standards will be applied equally to all students in the interest of professional fairness and equity. | 5. Instructors are responsible for measuring student outcome achievement against performance standards appropriate to the level of the course (e.g., lower vs. upper division). Moreover, instructors are responsible for communicating these standards and expectations to assess students. |
| 6. Students are responsible for compliance with SNC policies regarding academic integrity, and for accepting the consequences of violations thereof. For additional clarification, please see p. 43 of the 2008-09 catalogs: <i>Cheating and/or Plagiarism</i> . | 6. Faculty members are responsible for discussing the SNC policy regarding academic honesty, cheating, and/or plagiarism, both in syllabi and direct classroom discussion. Faculty will also make clear to students the reason for the policy, and discuss standardized protocols for attribution, through citations and references, of the original work of others. |

Grading Policy

Progress toward achieving course objectives will consider both familiarity with, and ability to apply, relevant course concepts. All progress toward course objectives will be posted on Moodle. Course grades will be calculated as follows:

| Course Component | Grade Points |
|--|--------------|
| Financial and Economic News discussion | 50 |
| Economic thought papers (5) | 50 |
| Mid-term | 30 |
| Final | 30 |
| Team project | 40 |
| Total points available | 200 |

Class Schedule: Reading assignments, changes to the schedule, and adjustments to the syllabus will be posted on Moodle. Moodle is the key communication tool for this class and you will want to check it frequently.

August 18 What is this class about and how do I get an A?

August 20 The financial system and the recent financial crisis

August 25 Money and the payments system

August 27 Interest rates and rates of return

September 1 Determining Interest rates

September 3 Risk structure and Interest rates

September 8 Economic thought papers

September 10 Stock market

September 15 Derivatives - how a big bank lost its legacy

September 17 - Economic thought papers

September 22 Foreign Exchange

September 24 Transaction costs and asymmetric information

September 29 Prepare for mid-term. Economic thought papers due

October 1 Mid-term

October 6 Current topics and midterm feedback

October 8 The economics of banking

October 13 Investment banks, and the shadow banking system

October 15 Financial Crisis and regulation

October 20 Economic thought papers

October 22 The Federal Reserve and Central banks

October 27 The Fed and the money supply process

October 29 Monetary Policy

November 3 Economic thought papers and team project assignment

November 5 Team Project

November 10 Present team projects

November 12 The International Financial System and Monetary Policy

November 17 Final Economic thought papers

November 19 Current topics

Thanksgiving

December 1 Prepare for final

December 3 Final presentation

December 9, 1130 Final Exam

Description of Course Assignments and Projects

Finance and Economics discussions.

These will take place in the beginning of each class period. Participation will be scored according to the participation matrix, with the highest scores given to those who submit relevant current news (current defined as within the last 7 business days) on Moodle via the instructor. Deadlines for new submissions will be 8 pm the Sunday prior to class. Additional points will be given for well thought-out analytical comments about the postings, made by class members during the discussion. A discussion score matrix will be posted on Moodle and available during the second class session. Because this accounts for 25% of your total points, outstanding performance in the class requires a solid performance in this category.

Team Project

You will have an opportunity to complete a one-week project with a group. The project will be a team project, allowing you to apply your best economic thinking to a current economic topic and presenting it in a way that engages class participation.

Economic Thought Papers

These will be concise essays on current economic topics, related to the reading in the text. Each assignment will offer a choice of at least two topics. Each paper will be scored on the SNC English rubric as well as an economic thought-specific matrix. The economic thought matrix will be posted on Moodle prior to the first paper, and will focus on analytical thinking on the topic, strength of supporting arguments, quality of research, and defensibility of conclusions. Students will have an opportunity to present papers in class for peer discussion.

Exams

There will be two exams offered. Each exam will have 30 points available and will be comprehensive. Because the exams are comprehensive, credit will be given for material learned and skills mastered. Therefore, the final exam will be the best indicator of mastery. If you earn a higher number of points on the final exam than the mid-term, the final exam score will replace the mid-term score.

Mandatory Special Accommodations (ADA) Statement

In accordance with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, students with a documented disability are eligible for support services and accommodations. If a student wishes to request an accommodation, please contact the Director of Academic Support Services, Henry Conover, at (775) 831-1314 x7534, hconover@sierranevada.edu or go to the OASIS offices on the third floor of Prim Library within the first week of the semester

Sanctions for Cheating and/or Plagiarism

The Honor Code

The faculty of SNC believes students must be held to high standards of integrity in all aspects of college life in order to promote the educational mission of the College and to encourage respect for the rights of others. Each student brings to the SNC community unique skills, talents, values and experiences which, when expressed within the community, contribute to the quality of the educational environment and the growth and development of the

individual. Students share with members of the faculty, administration and staff the responsibility for creating and maintaining an environment conducive to learning and personal development, where actions are guided by mutual respect, integrity, responsibility and trust. The faculty and students alike must make diligent efforts to ensure high standards are upheld by their colleagues and peers as well as themselves. Therefore faculty and students accept responsibility for maintaining these standards at Sierra Nevada College and are obligated to comply with its regulations and procedures, which they are expected to read and understand.

Consequences of Violating the Student Honor Code

SNC students and faculty share the responsibility for maintaining an environment of academic honesty. Thus, all are responsible for knowing and abiding by the SNC Faculty/Student Honor Code published in the current SNC Catalog. Faculty are responsible for presenting the Honor Code and the consequences of violating it to students at the start of their classes AND for reporting all incidences of academic dishonesty to the Provost. Students are responsible for knowing what constitutes CHEATING, PLAGIARISM and FABRICATION and for refraining from these and other forms of academic dishonesty. Violations of the Honor Code become part of a student's academic record.

1st Offense: Student receives a zero for assignment/exam and counseling with faculty on the honor code, consequences for violating the honor code, and the value of academic honesty in learning.

2nd Offense: Student fails course and receives counseling with faculty on the honor code, consequences for violating the honor code, and the value of academic honesty in learning.

3rd Offense: Student is expelled.

The SNC Email System

The SNC email system is the official communication vehicle among students, faculty members and administrative staff and is designed to protect the confidentiality of student information as required by the Family Educational Rights and Privacy Act of 1974 Act (FERPA). Students should check their college email accounts daily during the school year.

Students have a right to forward their SNC e-mail to another e-mail account (for example, @hotmail or @gmail). However, confidentiality of student information protected by FERPA cannot be guaranteed for SNC e-mail forwarded to an outside vendor. Having email redirected does not absolve a student from the responsibilities associated with official communication sent to his or her SNC email account.

Disclaimer: If any part of this syllabus violates Sierra Nevada College policy or any other governing policy, that policy will take precedence.