



SAINT LOUIS  
UNIVERSITY

**SAINT LOUIS UNIVERSITY, MADRID CAMPUS**  
**Faculty of Business Administration & Economics**

**Fall 2017**

**MONEY AND BANKING**  
**ECON-4200**

**Prerequisites: ECON-3120**

**INSTRUCTOR**

**Pablo Swedberg**

*Classes:* T & R, 2:30-3:45pm

*Office Hours:* T & R 10-11:00am & 3:45-5:30pm (by appt.)

*Office:* Padre Arrupe Hall (Top floor)

*E-mail:* [swedberg@slu.edu](mailto:swedberg@slu.edu)

*Classroom:* San Ignacio Hall B

Phone: 91-5585454

**DESCRIPTION**

This course will examine how financial markets- such as those for bonds, and financial institutions- banks, insurance companies, and mutual funds work and explore the role of money in the economy. Financial markets and institutions not only affect your everyday life but also involve trillions of euro and dollar of funds throughout our economy, which in turn affect business profits, the production of goods and services, consumption and even the economic well-being of citizens living in countries other than the United States and the European Union. What happens to financial markets, financial institutions, and money is of great concern to politicians and can even have a major impact on elections. The study of *Money and Banking* will reward you with an understanding of many exciting and relevant issues.

Students are required to develop familiarity with current international events, particularly those involving international monetary and financial issues. Good sources are the *Financial Times* and *The Economist*.

**GOALS**

After completing **Money & Banking** students should be able to identify and derive:

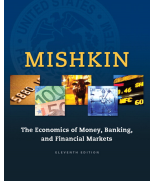
- ✦ Functions and structure of financial markets
- ✦ The rate of return and the behavior of interest rates
- ✦ Financial crises and the subprime meltdown
- ✦ Banking and the management of financial institutions
- ✦ Central banks and the Federal Reserve System
- ✦ The money supply process
- ✦ Tools of monetary policy
- ✦ The conduct of monetary policy
- ✦ The foreign exchange market and the international financial system

## COURSE MATERIAL

**The Economics of Money, Banking and Financial Markets** Frederic S. Mishkin, 11th ed. Prentice Hall, 2016

ISBN13 978-0133836790

ISBN10 0133836797



## GRADING:

The final grade will be based on the following items:

- ✚ **Class attendance: 10%**
- ✚ **Class participation: 10%**
- ✚ **Group topic presentation: 20%**
- ✚ **Midterm exam: 25%**
- ✚ **Final exam: 35%**

**Scale:** 92–100 A; 89 – 92 A-; 85 – 89 B+; 78 – 85 B; 74 – 78 B-; 70 – 74 C+; 60 – 70 C; 55 – 60 D; 0-55 F

## REQUIREMENTS

### Guided Topic Lectures:

Students will work in groups of 2-3, prepare and orally present readings and material related to the main topics posted by Professor Swedberg on blackboard. These presentations will take 20-25 minutes.

In these guided lectures the speakers will be asked to identify the main issues of the material and its relevance with respect to the topics discussed in class. The presentation must place special emphasis on the critical analysis of the reading, applying the models we study in class to the topic of the paper and identifying the articles' weak and strong points. The speakers will be asked to reflect on the impact that the reading has had on their own view of the subject.

**Instructions will be posted on blackboard.**

## COURSE CALENDAR

*September 4:* Classes begin

*September 17:* Last day to DROP a class without a grade of "W"; add period ends at 14:00, no classes may be added after this date.

*October 19:* **MIDTERM EXAM @ 2:30pm** (San Ignacio Hall B)

*October 30:* Last day to DROP a class and receive a grade of "W"

*November 2:* Registration for Spring 2018 semester opens

*December 13:* Last day of classes

*December 18:* **FINAL EXAM @ 12:00** (San Ignacio Hall B)

## **POLICIES AND RULES**

The professor will explain the different units included in the content through both power-point presentations and problem set sessions. The students will need to read the material (articles, problems, news) and come to class prepared to debate.

**Class attendance**, as well as **punctuality and active participation** are essential and will be considered in the final grade.

**Cellular phones are not permitted in class and laptops should be used exclusively to follow the lecture and for class notes. The use of cell phones will lower the class participation grade.**

### **Late policies regarding exams:**

Midterm and final examinations must be written on their respective dates. No alternative examinations will be scheduled except in the case of excused medical absences. Absences due to medical reasons without proof of hospitalization will be considered unexcused absences. Cases of excused medical absences must be petitioned for through the Chair of the department. Make-up midterms are subject to approval by the professor, the Chair and the Department of Business and Economics.

An unexcused absence from a midterm examination causes the final examination to weigh 40% of the final course grade.

**The date of the final examination is December 20th, 2017 at 12:00.** The class instructor is not authorized to change the date of the final exam, so a student wishing to take the final examination on a different date from the one set must receive approval from the Dean and/or the Vice Dean of the University. **Please do this in advance!!**

## **ACADEMIC INTEGRITY**

*Academic integrity is honest, truthful and responsible conduct in all academic endeavors.* The mission of Saint Louis University is "the pursuit of truth for the greater glory of God and for the service of humanity." Accordingly, all acts of falsehood demean and compromise the corporate endeavors of teaching, research, health care and community service via which SLU embodies its mission. The University strives to prepare students for lives of personal and professional integrity, and therefore regards all breaches of academic integrity as matters of serious concern.

The governing University-level Academic Integrity Policy can be accessed on the Provost's Office web at: [http://www.slu.edu/Documents/provost/academic\\_affairs/University-wide%20Academic%20Integrity%20Policy%20FINAL%20%206-26-15.pdf](http://www.slu.edu/Documents/provost/academic_affairs/University-wide%20Academic%20Integrity%20Policy%20FINAL%20%206-26-15.pdf).

As a member of the University community, you are expected to know and abide by these policies, which detail definitions of violations, processes for reporting violations, sanctions and appeals.

## **TITLE IX STATEMENT**

Saint Louis University and its faculty are committed to supporting our students and seeking an environment that is free of bias, discrimination, and harassment. If you have encountered any form of sexual misconduct (e.g. sexual assault, sexual harassment, stalking, domestic or dating violence), we encourage you to report this to the University. If you speak with a faculty member about an incident of misconduct, that faculty member must notify SLU's Title IX deputy coordinator, Marta Maruri, whose office is located on the ground floor of Padre Rubio Hall, Avenida del Valle, 28 ([mmaruri@slu.edu](mailto:mmaruri@slu.edu); 915-54-5858 ext. 213) and share the basic fact of your experience with her. The Title IX deputy coordinator will then be available to assist you in understanding all of your options and in connecting you with all possible resources on and off campus.

If you wish to speak with a confidential source, you may contact the counselors at the SLU-Madrid's Counseling Services on the third floor of San Ignacio Hall ([counselingcenter-madrid@slu.edu](mailto:counselingcenter-madrid@slu.edu); 915-54-5858 ext. 230) or Sinews Multiple therapy Institute, the off-campus provider of counseling services for SLU-Madrid ([www.sinews.es](http://www.sinews.es); 91-700-1979) To view SLU-Madrid's sexual misconduct policy and for resources, please visit the following web address:

[http://spain.slu.edu/student\\_life/docs/SLUMadridSexualMisconductPolicy.pdf](http://spain.slu.edu/student_life/docs/SLUMadridSexualMisconductPolicy.pdf).

## ACCOMODATION STATEMENT

In recognition that people learn in a variety of ways and that learning is influenced by multiple factors (e.g., prior experience, study skills, learning disability), resources to support student success are available on campus. Students who think they might benefit from these resources can find out more about:

1. Course-level support (e.g., faculty member, dept. resources, etc.) by asking your course instructor.
2. University-level support (e.g., tutoring/writing services, Disability Services) by visiting the Academic Dean's Office (San Ignacio Hall) or going to [http://spain.slu.edu/academics/learning\\_resources.html](http://spain.slu.edu/academics/learning_resources.html).
3. Students who believe that, due to a disability, they could benefit from academic accommodations are encouraged to contact Disability Services at +34915545858, ext. 204, send an e-mail to [counselingcenter-madrid@slu.edu](mailto:counselingcenter-madrid@slu.edu), or to visit the Counseling Office (San Ignacio Hall). Confidentiality will be observed in all inquiries. Course instructors support student accommodation requests when an approved letter from Disability Services has been received and when students discuss these accommodations with the instructor after receipt of the approved letter.

## STUDENT OUTCOME ASSESMENT

Saint Louis University-Madrid Campus is committed to excellent and innovative educational practices. In order to maintain quality academic offerings and to conform to relevant accreditation requirements, we regularly assess our teaching, services, and programs for evidence of student learning outcomes achievement. For this purpose we keep on file anonymized representative examples of student work from all courses and programs such as: assignments, papers, exams, portfolios, and results from student surveys, focus groups, and reflective exercises. *Thus, copies of your work for this course, including any exams, assignments and/or submitted papers may be kept on file for institutional research, assessment and accreditation purposes.* If you prefer that Saint Louis University-Madrid Campus does not keep your work on file, you will need to communicate your decision in writing to your professor.

## COURSE OUTLINE:

### SECTION I: INTRODUCTION

- ✚ Why Study Money, Banking, and Financial Markets?
- ✚ An Overview of the Financial System
- ✚ What is Money?

**(Mishkin Chapters 1, 2 and 3)**

### SECTION II: FINANCIAL MARKETS

- ✚ Understanding Interest Rates
- ✚ The Behavior of Interest Rates

- ✚ The Risk and Term Structure of Interest Rates

**(Mishkin Chapters 4, 5 and 6)**

### **SECTION III: FINANCIAL INSTITUTIONS**

- ✚ Financial Crises and the Subprime Meltdown
- ✚ Banking and the Management of Financial Institutions

**(Mishkin Chapters 9 and 10)**

### **SECTION IV: CENTRAL BANKING AND THE CONDUCT OF MONETARY POLICY**

- ✚ The structure of Central Banks: the Federal Reserve System and the European Central Bank
- ✚ The determinants of the Money Supply
- ✚ The tools of Monetary Policy
- ✚ What Should Central Banks Do? Monetary Policy Goals, Strategy, and Tactics

**(Mishkin Chapters 13, 14, 15 and 16)**

### **SECTION V: INTERNATIONAL FINANCE AND MONETARY POLICY**

- ✚ The Foreign Exchange Market
- ✚ The International Financial System

**(Mishkin Chapters 17 and 18)**