

**Macao Polytechnic Institute
School of Business
Bachelor of Accounting**

Module Outline

Academic Year 2020/2021 Semester 2

Learning Module	Money and Banking			Class Code	ECON2120-221
Pre-requisite(s)	Nil				
Medium of Instruction	English			Credits	3
Lecture Hours	45 hrs	Lab/ Practice Hours	0 hr	Total Hours	45 hours
Instructor	Adrian Lao		E-mail	hhlao@ipm.edu.mo	
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Description

This course provides an introductory examination of money and banking. Emphasis will be placed on financial markets, bank management, central banking and the conduct of monetary policy, and monetary theory. Topics include: The Central Bank; commercial banking system; monetary theory; monetary policy; international monetary system; international coordination of monetary policies.

Learning Outcomes (Course Intended Learning Outcomes, CILOs)

Upon completion of this course, students should be able to:

1. discuss what money and financial markets are;
2. analyze the behavior, risk and term structure of interest rates;
3. examine how banking is conducted to make a profit;
4. analyze the money supply process among central banks, commercial banks and depositors;
5. relate international monetary system to monetary policy;
6. evaluate the effects of monetary policy.

Content

Topic	Chapter	Date (Monday)	Duration (Hours)
Why Study Money, Banking, and Financial Markets? - Why Study Financial Markets? - Why Study Financial Institutions and Banking? - Why Study Money and Monetary Policy? - Why Study International Finance? - Money, Banking, and Financial Markets and Your Career - How We Will Study Money, Banking, and Financial Markets - Concluding Remarks	1		3
An Overview of the Financial System - Function of Financial Markets - Structure of Financial Markets - Financial Market Instruments - Internationalization of Financial Markets - Function of Financial Intermediaries: Indirect Finance - Types of Financial Intermediaries - Regulation of the Financial System	2		3
What Is Money? - Meaning of Money - Functions of Money - Evolution of the Payments System - Measuring Money	3		3
The Meaning of Interest Rates - Measuring Interest Rates - The Distinction Between Interest Rates and Returns - The Distinction Between Real and Nominal Interest Rates	4		3
The Behavior of Interest Rates - Determinants of Asset Demand - Supply and Demand in the Bond Market - Changes in Equilibrium Interest Rates - Supply and Demand in the Market for Money: The Liquidity Preference Framework - Changes in Equilibrium Interest Rates in the Liquidity Preference Framework - Money and Interest Rates	5		3
Test 1 (Chapters 1, 2, 3, 4)		March 22	1.5
The Risk and Term Structure of Interest Rates - Risk Structure of Interest Rates - Term Structure of Interest rates	6		3
Banking and the Management of Financial Institutions - The Bank Balance Sheet - Basic Banking	9		3

<ul style="list-style-type: none"> - General Principles of Bank Management - Managing Credit Risk - Managing Interest-Rate Risk - Off-Balance-Sheet Activities 			
Central Banks and the Federal Reserve System <ul style="list-style-type: none"> - Origins of the Federal Reserve System - Structure of the Federal Reserve System - How Independent Is the Fed? - Should the Fed Be Independent? 	13		3
The Money Supply Process <ul style="list-style-type: none"> - Three Players in the Money Supply Process - The Fed's Balance Sheet - Control of the Monetary Base - Multiple Deposit Creation: A Simple Model - Factors That Determine the Money Supply - Overview of the Money Supply Process - The Money Multiplier 	14		3
Test 2 (Chapters 5, 6, 9, 13, 14)		April 26	1.5
The Foreign Exchange Market <ul style="list-style-type: none"> - Foreign Exchange Market - Exchange Rates in the Long Run - Exchange Rates in the Short Run: A Supply and Demand Analysis - Explaining Changes in Exchange Rates 	17		4.5
The International Financial System <ul style="list-style-type: none"> - Intervention in the Foreign Exchange Market - Balance of Payments - Exchange Rate Regimes in the International Financial System 	18		4.5
Monetary Policy Theory <ul style="list-style-type: none"> - Response of Monetary Policy to Shocks - How Actively Should Policymakers Try to Stabilize Economic Activity? - Inflation: Always and Everywhere a Monetary Phenomenon - Causes of Inflationary Monetary Policy 	23		3
FINAL EXAM (All Chapters)			3
Total			45

Teaching Method

	CILOs	Description
1.	CILOs 1-6	Interactive Lectures <ul style="list-style-type: none">• Lectures: In-depth coverage of money and banking is presented with slides and other additional illustration materials if necessary.• Q&As: Time is allowed to raise questions from both sides (instructor and students).
2.	CILOs 1-6	In-Class Discussions and Exercises <ul style="list-style-type: none">• In-class discussions and exercises will be used to enhance students' understanding of both theories and applications related to money and banking.

Attendance

Attendance requirements are governed by the “Academic Regulations Governing Bachelor’s Degree Programmes of Macao Polytechnic Institute”.

Assessment

CILOs	Item	Percentage
CILOs 1-6	Participation	5%
CILOs 1-3	Assignments	20%
CILOs 1-4	Tests	25%
CILOs 1-6	Final Exam	50%
	Total	100%

Plagiarism Policy

When a student submits an assignment, he/she has a duty to ensure that his/her assignment has been checked by *Turnitin* software, and the similarity score given by *Turnitin* software cannot be higher than 30%. However, a special case can be determined by the instructor.

Teaching Materials

Required Textbook

Mishkin, Frederic S. *The Economics of Money, Banking, and Financial Markets*. 12th edition. Pearson.

References

Ball, Laurence. *Money, Banking and Financial Markets*. 2nd edition. Worth Publishers.

Cecchetti, Stephen G. and Kermit L. Schoenholz. *Money, Banking and Financial Markets*. 3rd edition. McGraw-Hill.

Mishkin, Frederic S. *The Economics of Money, Banking and Financial Markets*. The Business School Edition (3rd edition). Prentice Hall.

<http://www.pearson.com>

<http://www.federalreserve.gov>

The Economist

Alignment of Program Intended Learning Outcomes (PILOs) and Course Intended Learning Outcomes (CILOs)

PILOs \ CILOs	1	2	3	4	5	6
1. Integrate the contemporary theories, principles of accounting and business disciplines relevant to general business practice.	√	√	√	√	√	√
2. Assess general business scenarios with mathematical and statistical skills.	√	√	√	√	√	√
3. Apply critical thinking and logical analysis skills and techniques to solve business problems.	√	√	√	√	√	√
4. Interpret and analyze accounting information for internal control, planning, performance evaluation, and coordination to continuously improve business process.						
5. Apply accounting or business software for business analysis.						
6. Develop queries to assess management information from database to improve efficiency and effectiveness.						
7. Synthesize the latest requirement of international accounting and auditing standards in preparing financial statements and auditing reports.						
8. Utilize appropriate written and spoken forms to communicate effectively with stakeholders in various cultural environments.						
9. Recommend an appropriate course of action by ethically examining the economic, environmental, political, legal and regulatory contexts of global business practice.					√	√
10. Utilize the latest empirical findings and academic studies to support the recommendation of business projects.						