



Course Name: Money and Banking

Course Number: BFN* 211

Credits: 3

Catalog description: A study of the key concepts, theories and interrelationships that link money and banking to the U.S. economy. The topics covered will include principles of money and credit, basic banking regulations, determination of interest rates and foreign exchange rates, monetary policy and the role and tools of the Federal Reserve System. The structure and characteristics of financial markets are also covered.

Prerequisite, Corequisite, or Parallel: BFN*201 or ECN*101, either course with a Grade of “C” or higher

General Education Competencies Satisfied:

HCC General Education Requirement Designated Competency Attribute Code(s):

None

Additional CSCU General Education Requirements for CSCU Transfer Degree Programs:

None

Embedded Competency(ies):

None

Discipline-Specific Attribute Code(s):

BUS Business elective

Course objectives:

General Education Goals and Outcomes:

None

Course Specific Objectives:

1. Explain the function of money in our economy
2. Discuss the nature of the U.S. banking system, its structure, trends, and role in our economy
3. Explain the mission and tools of the Federal Reserve Banking System
4. Name and describe the operations of the various non-bank financial intermediaries



5. Discuss the characteristics of the money market and the capital market and describe the various financial instruments used by these markets

6. Explain how interest rates are determined, and describe the influence of Internet rates on the economy and on the capital markets.

Course Content:

PART 1. INTRODUCTION

1. Why Study Money, Banking, and Financial Markets?
2. An Overview of the Financial System
3. What Is Money?

PART 2. FINANCIAL MARKETS

4. Understanding Interest Rates
5. The Behavior of Interest Rates
6. The Risk and Term Structure of Interest Rates
7. The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis

PART 3. FINANCIAL INSTITUTIONS

8. An Economic Analysis of Financial Structure
9. Banking and the Management of Financial Institutions
10. Economic Analysis of Financial Regulation
11. Banking Industry: Structure and Competition
12. Financial Crises

PART 4. CENTRAL BANKING AND THE CONDUCT OF MONETARY POLICY

13. Central Banks and the Federal Reserve System
14. The Money Supply Process
15. The Tools of Monetary Policy
16. The Conduct of Monetary Policy: Strategy and Tactics

PART 5. INTERNATIONAL FINANCE AND MONETARY POLICY

17. The Foreign Exchange Market
18. The International Financial System

PART 6. MONETARY THEORY

19. Quantity Theory, Inflation, and the Demand for Money
20. The IS Curve
21. The Monetary Policy and Aggregate Demand Curves
22. Aggregate Demand and Supply Analysis
23. Monetary Policy Theory
24. The Role of Expectations in Monetary Policy
25. Transmission Mechanisms of Monetary Policy



CHAPTERS ON THE WEB

26. Financial Crises in Emerging Market Economies

27. The ISLM Model

28. Nonbank Finance

29. Financial Derivatives

30. Conflicts of Interest in the Financial Services Industry Wage-price controls and indexation

THE ROLE OF BANKS IN INTERNATIONAL TRADE AND INVESTMENT

A. Foreign exchange market operations and exchange-rate determination

B. Hedging to protect against exchange-rate risk

C. Key payment and credit instrument used in international trade

Date Course Created:

Date of Last Revision: 04/03/2017