

Economics 4673: Money & Banking

Fall 2022

Instructor: Dr. Benjamin Keen

Class Times and Location:

Monday and Wednesday: 4:30pm-5:45pm, 174 Cate Center One, (Section 001)

Contact Information:

Office: 437 Cate Center One

E-mail: ben.keen@ou.edu

Web: <http://benjaminkeen.oucreate.com/ECON4673.html>

Office Hours:

Monday and Wednesday: 2:00pm-3:00pm (virtual)

By appointment (in-person or virtual)

Course Description: Analysis of the role of money, banks and financial institutions in the economy. Topics include banking and financial intermediation, financial market regulation, monetary economics and economic fluctuations, and monetary policy.

Textbook: Frederic S. Mishkin, The Economics of Money, Banking, and Financial Markets, 11th Edition

Grading: Your final grade will be determined by three mid-term exams and a comprehensive final exam. Your grade will be calculated as follows:

Mid-Term Exams 60% total (20% each)

Final Exam 40% total

Letter grades will be assigned according to a percentage scale: 90-100% = A, 80-89% = B, 70-79% = C, 60-69% = D, and below 60% = F. To maintain equality of opportunity for all students in the class, no extra credit opportunities will be available to any student, regardless of circumstance. **No exceptions.**

Drop Policy: Students are allowed to drop this course regardless of their performance with a W until November 11. After November 11, the Dean's approval is **required** to drop the course. Students may **not** change to audit status at any time during the semester. Under no circumstances will an incomplete, medical withdrawal, administrative withdrawal, or any other withdrawal be given to a student who has completed all course requirements. The economics department reserves the right to drop students from economics courses for non-attendance during the first week of classes or failure to meet course prerequisites. Those students wishing to drop a course after enrollment still have the responsibility for that drop.

Exams: There will be three mid-term exams and a final exam. The mid-terms will be given during class and the final will be given at the University designated time. All **exams** will be **closed book** and **closed notes**. The instructor will provide a formula sheet for each mid-term exam and the final. Those formula sheets will be made available to students for their viewing prior to the exam. The actual copy of the formula sheet utilized by students during the exam will be provided by the instructor at the time of the exam.

Exam Make-Up Policy: A student's absence from a mid-term or final exam will only be considered excused if (1) there is a documented severe illness, death in the immediate family, provost-approved university sponsored activity, or a legally required activity; and (2) the student speaks **directly** to me (no e-mail or voice mail) no later than one class before a mid-term exam or no later than the last day of regularly scheduled classes, December 7, before the final exam unless an actual emergency prevents it. All other absences from any mid-term exam or the final exam will be automatically scored as a zero for that exam. A student excused from taking a mid-term exam will have that exam dropped and have the weight on their final increased by amount of the missed mid-term exam. **No makeup mid-term exams** will be given under any circumstances. In the event of an excused absence from the final, the student must contact me **directly** to make arrangements for a make-up final exam and shall be given a grade of incomplete until the make-up final exam is completed. University policy applies if a student has three or more finals on one day or two or more finals scheduled at the same time.

Exam Dates (tentative):

Midterm #1 – Wednesday, September 21.

Midterm #2 – Wednesday, October 19.

Midterm #3 – Monday, November 21.

Final – Tuesday, December 13, 10:30am-12:30pm.

Other Important Dates:

August 22 is the first day of class.

November 11 is last day to drop the course with a W without petitioning the College Dean.

December 7 is the last day of class.

December 9 is the last day to drop a course or withdraw from the University.

Class Attendance: You are expected to attend every class and are responsible for all material and announcements. The exams will be based largely on class discussions, so it is in your best interest to attend. As an added incentive, I will *periodically* take attendance and I reserve the right, solely at my discretion, to adjust upward or downward a student's numerical final grade by no more than two points based on these attendance figures. It is your responsibility to inform me in a timely manner of any extended absence that is necessary for medical or other reasons. Please arrive to class on time. Entering after a lecture has begun is distracting to your classmates and to me, and you should avoid it as a courtesy. If you arrive late, please enter the room quietly and sit near the door. In order to avoid unnecessary distractions, all cellphones are **required** to be turned **off** while in the classroom. This includes the time immediately before and after the class ends. Failure to abide by these rules will result in, minimally, a request to leave the class.

Class Notes: Copies of the overheads presented each day will be available before class in pdf format on the class web page. These notes are made available to enable students to focus on understanding the material presented in class instead of spending time copying the overheads. These notes, however, are **not** a substitute for attending class. Finally, it is the student's responsibility to obtain any corrections made to these notes in class.

Disclaimer: I reserve the right to make changes to the class schedule and exam dates. Any changes will be announced in class.

Notice: Any student who, because of a disabling condition, requires special arrangements in order to successfully complete the course **must** contact me as soon as possible to make the necessary accommodations.

Academic Honesty: I expect that ECON 4673 students will be truthful with me and will not knowingly take any action that violates the University of Oklahoma honor code. Any student who violates the honor code shall receive a zero for that exam. Further actions may be taken in consultation with the dean of the student's college.

Student Acceptance: By enrolling in this class, the student accepts and agrees to the terms and conditions outlined above.

Tentative Class Outline (subject to change):

Mon., Aug. 22	Why Study Money, Banking, and Financial Markets?
Wed., Aug. 24	An Overview of the Financial System
Mon., Aug. 29	What is Money?
Wed., Aug. 31	The Meaning of Interest Rates
Mon., Sept. 5	Labor Day: No Class
Wed., Sept. 7	The Behavior of Interest Rates
Mon., Sept. 12	The Risk and Term Structure of Interest Rates
Wed., Sept. 14	The Stock Market
Mon., Sept. 19	Review for Midterm Exam #1
Wed., Sept. 21	Midterm Exam #1
Mon., Sept. 26	An Economic Analysis of Financial Structure
Wed., Sept. 28	Banking and the Management of Financial Institutions
Mon., Oct. 3	Economic Analysis of Financial Regulation
Wed., Oct. 5	Banking Industry: Structure and Competition
Mon., Oct. 10	Financial Crises
Wed., Oct. 12	Central Banks and the Federal Reserve System
Mon., Oct. 17	Review for Midterm Exam #2
Wed., Oct. 19	Midterm Exam #2
Mon., Oct. 24	The Money Supply Process
Wed., Oct. 26	Tools of Monetary Policy
Mon., Oct. 31	The Conduct of Monetary Policy
Wed., Nov. 2	The Quantity Theory, Inflation, and the Demand for Money
Mon., Nov. 7	The IS Curve
Wed., Nov. 9	The Monetary Policy and Aggregate Demand
Mon., Nov. 14	Aggregate Demand and Supply Analysis
Wed., Nov. 16	Review for Midterm Exam #3 Curves
Mon., Nov. 21	Midterm Exam #3
Wed., Nov. 23	Thanksgiving Break: No Class
Mon., Nov. 28	Monetary Policy Theory
Wed., Nov. 30	Monetary Policy at the Zero Lower Bound
Mon., Dec. 5	The Role of Expectations in Monetary Policy
Wed., Dec. 7	Review for the Final
Tues., Dec. 13	Final Exam
10:30am-12:30pm	