# 2/5/2024

# brcc keystone logo

Baton Rouge Community College

*Academic Affairs Master Syllabus*

Date Approved: 1 February 2024

Term and Year of Implementation: Fall 2024

**Course Title:** Economics of Money and Banking

**BRCC Course Rubric:** ECON 2313

**Previous Course Rubric**: ECON 205

**Lecture Hours per week-Lab Hours per week-Credit Hours**: 3-0-3

**Per semester: Lecture Hours-Lab Hours-Instructional Contact Hours**: 45-0-45

**Louisiana Common Course Number:** CECN 2313

**CIP Code:** 45.0601

**Course Description:** Builds on Principles of Macroeconomics to address issues of financial instruments, financial markets, financial institutions, the Federal Reserve System, monetary theory, and policy. Students develop a deeper understanding of the economics of money and banking, including the implications of monetary theory and policy for the financial system and its broader impact on the economy.

**Prerequisites:** ECON 2213 (or ECON 201) or ECON 2113 (or ECON 203) with a grade of ‘C’ or better

**Co-requisites:** None

**Suggested Enrollment Cap:** 35

**Learning Outcomes.** *Upon successful completion of this course, the students will be able to:*

1. Explain the basic concepts related to the nature and functions of money, financial instruments, financial markets, and financial institutions.

2. Assess the organization and functions of the Federal Reserve System.

3. Demonstrate an understanding of the relationship between interest rates, asset values and financial markets.

4. Evaluate the objectives, tools, and effectiveness of monetary policy to achieve macroeconomic goals such as full employment, price stability and economic growth.

5. Assess the role of banking and the operations, risks, and the regulation of the US banking system.

**Assessment Measures.** Assessment of all learning outcomes will be measured using the following methods:

1. Tests will be administered during the semester.

2. A final exam will be administered at the end of the semester.

3. Common questions assessing the student's knowledge of the learning outcomes will be administered to all sections of the course at the end of the semester.

**Information to be included on the Instructor’s Course Syllabi:**

* ***Disability Statement*:** Baton Rouge Community College seeks to meet the needs of its students in many ways. See the Office of Disability Services to receive suggestions for disability statements that should be included in each syllabus.
* ***Grading:*** The College grading policy should be included in the course syllabus. Any special practices should also go here. This should include the instructor’s and/or the department’s policy for make-up work. For example in a speech course, “Speeches not given on due date will receive no grade higher than a sixty” or “Make-up work will not be accepted after the last day of class”.
* ***Attendance Policy*:** Include the overall attendance policy of the college. Instructors may want to add additional information in individual syllabi to meet the needs of their courses.
* ***General Policies*:** Instructors’ policy on the use of things such as beepers and cell phones and/or hand held programmable calculators should be covered in this section.
* ***Cheating and Plagiarism*:** This must be included in all syllabi and should include the penalties for incidents in a given class. Students should have a clear idea of what constitutes cheating in a given course.
* ***Safety Concerns:*** In some courses, this may be a major issue. For example, “No student will be allowed in the lab without safety glasses”. General statements such as, “Items that may be harmful to one’s self or others should not be brought to class”.
* ***Library/ Learning Resources:*** Since the development of the total person is part of our mission, assignments in the library and/or the Learning Resources Center should be included to assist students in enhancing skills and in using resources. Students should be encouraged to use the library for reading enjoyment as part of lifelong learning.

**Expanded Course Outline:**

I. Overview of the Financial System

 A. Direct vs. Indirect Finance

 B. Financial Instruments

 C. Financial Markets

 D. Financial Institutions and Intermediaries

 E. Federal Reserve

II. Money, Payment System and Models of Money.

 A. Functions of Money

 B. Payment System

 C. Measurements of Money Supply

 D. Demand for Money

 E. Quantity Theory of Money

 F. Liquidity Preference Theory

III. Present Value, Bond Yields and Interest Rates

 A. Compounding vs. Discounting

 B. Present Value: Bonds and Fixed Payment Securities

 C. Yield to Maturity

 D. Bond Prices and Yields

IV. Interest Rates

 A. Bond Markets and Interest Rates

 B. Inflation and Interest Rates

 C. Risk Structure of Interest rates

 D. Term Structure of Interest rates

 E. Expectations Theory

 F. Liquidity Premium Theory

 G. Yield Curve and Business Cycle

V. The Federal Reserve System

 A. History and Organization

 B. Functions

 C. Board of Governors

 D. Federal Reserve Banks

 E. Federal Open Market Committee

 F. Independence and Accountability of the Federal Reserve

VI. Money Supply Process

 A. Federal Reserve Balance Sheet

 B. Monetary Base

 C. Money Creation by Banks

 D. Money Multiplier

VII. Macroeconomic Equilibrium

 A. Aggregate Demand

 B. Aggregate Supply

 C. Short Run and Long Run Equilibrium

 D. Business Cycles

 E. Phillip’s Curve

VIII. Monetary Policy

 A. Goals: Federal Reserve's Dual Mandate

 B. Inflation Gap and Output Gap

 C. Tools of Monetary Policy

 D. Monetary Policy Transmission and Implementation

 E. Market for Bank Reserves

IX. Stock Market and Financial Market Efficiency

 A. Classification of Financial Markets

 B. Stock Market Operations

 C. Stock Index

 D. Return on Stocks

 E. Efficient Market Hypothesis

 F. Behavioral Finance and Asset Bubbles

X. Economics of Banking

 A. Bank Balance Sheet

 B. Basic Bank Operations and Balance Sheet

 C. Asymmetric information and Bank management

 D. Banking Risks and Bank management

 E. US Banking Structure

XI. Financial Crisis and Financial Regulation

 A. Bank Run, Bank Panic and Contagion

 B. Need for Financial Regulation

 C. Safety Net for Banks

 D. Dual Banking System

 E. Banking and Financial Regulation

 F. Great Depression

 G. Financial Crisis of 2008