



University of International Business and Economics International Summer School

FIN 207 Money, Banking and Financial Markets

Term: May 27 – June 27, 2019

Instructor: Xuefeng Pan

Home Institution: University of International Business and Economics

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Class Hours: Monday through Thursday, 120 minutes each day (2,400 minutes in total)

Office Hours: Thursday 10am-12pm

Discussion Session: 2 hours each week

Total Contact Hours: 64 contact hours (45 minutes each, 48 hours in total)

Credit: 4 units

Course Description:

This class is intended to teach students theories and facts about the financial market from the perspective of macro finance, and to prepare them with skills that can help identify opportunities out of events and trends in the market. The class starts with an introduction to major financial products, and then extends itself into a broader discussion on how the financial market, monetary policy, banking sector and real economy interact with each other under an open economy setting. Students are encouraged to review basics of Intermediate Macroeconomics and of International Finance before coming to the class. Also, fundamentals of calculus are also preferred, though not required. While the class targets students with a major in Finance and/or Economics, business students are also welcome.

Required Textbook:

Economics of Money, Banking and Financial Markets by Mishkin, 12th edition, ISBN-10: 0134733827 (previous editions maybe OK, please check with me).

Grading Policy:

Your attendance, assignments and exams will be graded in numerical scores, but your overall class performance will be assessed in a letter grade, with the following scale and weights:

- 1) Attendance: 15%
- 2) Assignments: 15%
- 3) Midterm Exam: 30%
- 4) Final Exam: 40%

NOTE 1: There is NO make-up exam for ANY reason. If you miss the midterm exam for any

reason, your final exam will automatically account for 70% of the final class grade.

NOTE 2: If you do OBVIOUSLY better in the final exam than in the midterm, the instructor MAY or MAY NOT consider replacing your midterm exam grade with the final exam one.

NOTE 3: Attendance to each class will be recorded. You are responsible for keeping track of your attendance. Leaving early after signing the attendance-sheet is considered as cheating.

Homework

There is a total of four weekly assignments. The purpose of assignment is to keep you updated about lecture materials, and to prepare you for the midterm and final exams. Homework questions will closely follow lecture materials and will be reflected in both the midterm and the final exams, though not in exactly the same form.

NOTE 4: Please provide your homework solutions on papers, either printed or in hand writings. ABSOLUTELY no electronic submission of homework. No late homework.

Grading Scale:

Assignments and examinations will be graded according to the following grade scale:

A	90-100	C+	72-74
A-	85-89	C	68-71
B+	82-84	C-	64-67
B	78-81	D	60-63
B-	75-77	F	below 60

Attendance Policy:

Students are expected to attend class. Attendance will be taken and count towards the grade.

Course Schedule:

This is a tentative schedule of the class. The instructor may adjust the schedule and topics based on the progress of lecturing and the difficulties of topics.

Week 1	Lecture 1	Financial Market-Assets and Pricing	Chapter 1 Why Study Money, Banking and Financial Markets? Chapter 2 An Overview of the Financial System Chapter 7 The Stock Market, The Theory of Rational Expectation and The Efficient Market Hypothesis
	Lecture 2	Understanding Interest Rates	Chapter 4 The Meaning of Interest Rate
Week 2	Lecture 3	Behavior and Determinants of Interest Rate	Chapter 5 The Behavior of Interest Rate
	Lecture 4	Risk and Term Structure of Interest Rate	Chapter 6 The Risk and Term Structure of Interest Rate
Week 3	Lecture 5	Banking: Structure, Competition and Trend	Chapter 9 Banking and Management of Financial Institutions Chapter 11 Banking Industry: Structure and Competition
	Lecture 6	Banking: Derivatives and Financial Crisis	Chapter 8 An Economic Analysis of Financial Structure Chapter 12 Financial Crises in Advanced Economies
	Midterm Exam: Covering Lecture 1-6, on June 12, 2019		
	Lecture 7	Midterm Exam Go-over	
Week 4	Lecture 8	Monetary System: Demand-Supply and Transmission	Chapter 3 What is Money Chapter 15 The Money Supply Process Chapter 20 Quantity Theory, Inflation and the Demand for Money Chapter 21 The IS Curve Chapter 22 Monetary Policy and Aggregate Demand Curve Chapter 23 Aggregate Demand and Supply Analysis
	Lecture 9	Small Open Economy: Exchange Rate and Capital Flow	Chapter 18 The Foreign Exchange Market Chapter 19 The International Financial System

Week5	Lecture 10	Monetary Policy and Financial Market: Goals and Tools	Chapter 14 Central Banks: A Global Perspective Chapter 24 Monetary Policy Theory Chapter 16 Tools of Monetary Policy Chapter 17 The Conduct of Monetary Policy: Strategy and Tactics
	Lecture 11	Class Review	
	Final Exam: Cumulative, covering Lecture 1-10, on June 27, 2019		

Important Dates

May 27, 2019: First Class

June 12, 2019: Midterm Exam

June 27, 2019: Final Exam

NOTE 5: The exact locations for both the midterm and final exams will be announced during the class once the Instructor is informed by the School Management.

Class Rules:

The instructor encourages and appreciates free discussions of lecture materials and topics in the class room. If you have any questions, please feel free to ask.

Announcements about lectures, homework and exams may be made during the class. It is your responsibility to follow any announcements. If you are not sure, just ask.

No use of electronic devices in the class room. If you need take notes using a laptop and/or a tablet, please kindly notify the instructor in advance.

While classroom diversity is appreciated, please respect your classmates and the instructor in the way you would like them to respect you.