Course description. This course introduces students to the basic elements of money and banking: the institutional features and economics of financial markets and, in particular, of the U.S. banking system; the determinants of interest rates; the money supply process and the Federal Reserve.

Prerequisites. Econ 100A-C or the equivalent.


Course outline and readings.

1. Overview of financial markets 2
2. Fundamentals of interest rates 4–6
3. Economics of financial structure and crises 7,11
4. Principles of banking 8
5. Banking industry: Structure and regulation 9,10
6. Money supply process 12,13
7. Monetary policy: Tools, goals, and outcomes 12,14,15

Course web site. The url is: <https://eee.uci.edu/18f/62285/>. Please be sure to visit the course web site regularly, as all materials for the class, occasional messages and any changes in the schedule will be posted there.

Practice problems. Problems will be posted on the course web site. Though not required, you are strongly encouraged to work through them (before they are covered in discussion sections), for problem solving is essential to developing a solid command of the material.

Grading. There will be two midterm exams, tentatively scheduled on
Wednesday October 24 and Monday November 19; the final exam is scheduled on Wednesday December 12. Each midterm exam is worth $\frac{1}{4}$ of your final grade, whereas the final exam is worth the remaining $\frac{1}{2}$.

Make-up exams will NOT be given for either of the midterm exams or the final exam. Under no circumstances may you miss the final exam. You may miss one midterm exam, but only under exceptional circumstances—namely, a documented emergency or illness. In this case, your final exam will be worth $\frac{3}{4}$ of your final grade.