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 8,12
4. Principles of banking 9
5. Banking industry: Structure and regulation 10,11
6. Money supply process 13,14
7. Monetary policy: Tools, goals, and outcomes 13,15,16

Course web site. Please be sure to visit the course web site (on CAMPUS) regularly, as all materials for the class, occasional messages and any changes in the schedule will be posted there. It also provides more details on the timing of our treatment of the topics above along with readings from the textbook.

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 11. 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.

Academic honesty. Academic honesty is a requirement for passing this class. Any student who compromises the academic integrity of this course is subject to a failing grade. The work you submit must be your own. Academic dishonesty includes, but is not limited to, copying answers from another student, allowing another student to copy your answers, communicating exam answers to other students during an exam, attempting to use notes or other aids during an exam, or tampering with an exam after it has been corrected and then returning it for more credit. If you do so, you will be in violation of the UCI Policies on Academic Honesty (https://aisc.uci.edu/policies/academic-integrity/index.php). It is your responsibility to read and understand these policies. You need to avoid even the appearance of impropriety on your exams—keep your eyes on your own exam and do not hold your exam up to look at your answers because students behind you can see your answers. Note that any instance of academic dishonesty will be reported to the Academic Integrity Administrative Office for disciplinary action and is cause for a failing grade in the course.

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