

Seton Hall University

STILLMAN SCHOOL OF BUSINESS

Spring 2024

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Course: ECO 2408 Money & Banking

Course Description:

The study of financial institutions and instruments is one of the most important subjects in financial economics. This course will focus on the operation of various classifications of financial markets and the role that monetary and regulatory policy influences those markets. We will discuss several types of financial intermediaries and markets, the roles that these markets and institutions play, and how monetary and regulatory policy may influence their operation. We get involved in some types (at least one) of financial services in our daily life, for example, credit cards, student loans, and mortgages. These financial services are provided by financial institutions. Also, a well-functioning financial system can promote greater economic efficiency. So, it is interesting to learn why a financial system needs to exist in an economy and what the roles of financial institutions are and what financial services (financial instruments) they provide. This course provides an introduction to the financial system. We will learn about the roles of participants, instruments, institutions, and markets that are the main components of the financial system. The course focuses on the diversity of financial markets (e.g., money and capital markets), institutions (e.g., commercial banks, investment banks) and instruments (e.g., bonds, stocks). Along the way, we will apply economic theory and financial tools as our analytical instruments.

The objective of this 3-credit course is to sharpen your knowledge of money and banking. Accordingly, you should understand the following topics at the end of the course:

1. Characteristics and roles of the various financial markets including the Money Markets and the Capital Markets,
2. Characteristics and roles of financial institutions,
3. Relationships between financial markets and financial institutions,
4. Role, structure, and impact of regulators in financial markets and institutions,
5. Selected history of financial markets, institutions, regulation, and innovation in the United States,
6. Trends in financial services, financial institutions and markets, and the causes and legacy of the financial crisis and Great Recession of the past few years.

Required Books:

“Financial Markets and Institutions, by Frederic S. Mishkin and Stanley G. Eakins, 9th Edition (ISBN-10 : 0134519264 | ISBN-13: 978-0134519265)

Optional Books

“An Analytical Approach to Investments, Finance and Credit” (CD) First Edition, Chris Droussiotis, Cognella Academic Publishing, 978-1-935551-66-9

Materials/Handouts to be provided by the Instructor (can be found on www.ProfessorDrou.com under Seton Hall – Derivatives page including Lecture Notes, Spreadsheets, Homework Assignments, Reading Assignments and Links.

Attendance (10%):

Students are expected to attend on-line or on-campus and to participate in classroom discussions. It is important to attend every class because the Exams are based on the instructor’s lectures and classroom notes. Class participation will count as part of the course grade. Attendance accounts for 10% of your grade.

Homework (20%):

Reading assignments and application projects will be assigned. Check Homework assignments and datelines via the professor’s website at www.ProfessorDrou.com under SHU – Money & Banking. Homework accounts for 20% of your grade.

Exams (70%):

There will be a midterm and a final exam.

Midterm Exams (I and II) (35%)

Final Exam (35%)

Optional Project:

There is an optional project that is due the last week before the final exams. The grade of this final project accounts for 17.5% of your final grade by substituting the lowest graded midterms (I or II)

***CD Factor:**

This is to give the benefit for students of significant improvement between Mid-Term Exam and Final. The Weighted averages are as follows (based on pre midterm curve score):

Improvement	Mid-Term Weighting	Final Exam Weighting
35% and higher	15%	55%
30-34%	20%	50%
25%-29%	25%	45%
20%-24%	30%	40%
19% or lower (including negative)	35%	35%

Grading:

Mid Term Exam *	35%
Final Exam*	35%
Homework	20%
Attendance	<u>10%</u>
Total	100%

Academic Integrity

As a guide, in terms of professionalism, integrity, and the rules governing the practice of Finance, the Stillman School, as collectively agreed to by the faculty, will not tolerate academic dishonesty of any kind, including, but not limited to, copying, sharing, or obtaining information from sources without proper citation, attempting to take credit for work that is not one's own, falsification of information, and giving or receiving information about or during a test, quiz or assignment solutions to other students. A proved dishonesty will result in an "F" for this course. Any act of dishonesty that falls under this guide will result in a letter of complaint placed in the student's academic file, leading to the possibility of expulsion from the Stillman School.

Class Outline:

Please check Canvas and the professor's website www.ProfessorDrou.com under "**SHU ECO 2408 Money & Banking**" page for course detailed outline updates by date including all the lecture notes, spreadsheets, homework due dates, updated articles to read, Teams, and Zoom Recordings.