The course title of Money and Banking is traditional but a more accurate title would be Financial Intermediaries. Historically, banks, savings and loans and other depository institutions have taken in deposits and loaned out their reserves. With the sweeping changes occurring in this industry the difference between banks and other financial intermediaries is quickly dissipating. Today, banks are involved in mutual funds, often use assets to buy government debt, and are increasingly ignored by corporations for financing. Large businesses increasing rely on the debt and equity markets to raise money, and depend less on the banks.

Financial intermediaries are defined as institutions and markets which link together the needs of lenders and borrowers. This includes stock, bond and international markets, as well as the usual banking system. As a result this course will take a thorough look at each as well as the role of central banks (e.g. the Federal Reserve Board) in regulation and influence of economic conditions.

The student should expect to gain an understanding of the following topics (plus a few more not listed):
1) Business cycles.
2) Stock (equity) markets
3) Bond (debt) markets.
4) International currency markets.
5) The effect of currency valuations on domestic and foreign equity and debt markets.
6) The effect of current and expected economic conditions on domestic and foreign equity and debt markets.
7) Interest rates and their determination
8) Banking institutions, history, current and future reforms and the consequences.
9) Regulation and legal environment of the banking system. Savings and loan crisis.
10) Central Banks - policy, goals, influence on economic conditions, as well as their influence on items 1) through 7) above.
11) Selected current events - e.g. U.S. budget settlement and consequences, presidential campaign issues, is a balanced budget an important economic issue.
Recommended Readings
The Wall Street Journal.

Grading:
There will be 2 exams, each counting for 50% of the grade. Classroom participation in the discussion of course topics and current events is highly encouraged. Although not directly counted in the grade, students who participate and contribute may have their final grade improved. For example, a person with an B+ average could be bumped up to an A if they have regularly attended class and contributed to the class discussion.

I. Business Cycles
II. The Financial Structure
   The Definition and Role of Money
   Financial Institutions
   Chapter 1 & 2
   Chapter 3
III. Interest Rates
    Chapters 4, 5, 7
IV. Depository Institutions
    Chapters 12 - 15
V. International Banking and Exchange Rates
   Web Topic 2
   Chapters 8, 16 & 22
VI. The Fed and Monetary Policy
   The Money Supply and Money Multiplier
   The Demand for Money
   Monetary Policy
   Web Topic 3
   Chapters 17 & 18
   Chapter 23
   Chapters 19 - 21
VII Equity and Debt Markets
   Portfolio Theory
   Derivatives
   Market Efficiency
   Chapter 6
   Chapter 9
   Chapters 10, 11

Examination #1: Wednesday, July 24
Examination #2: Friday, August 9