



A: Division: **Instruction** Date: **October 1999**
B: Department/ **Commerce & Business Admin.** New Course Revision
 Program Area: **Business**
 If Revision, Section(s) Revised: **Q**
 Date Last Revised: **March 1998**

C: ECON 408 D: Money and Banking E: 3

Subject & Course No.	Descriptive Title	Semester Credits
<p>F: Calendar Description: This course is an introduction to monetary economics and its policy applications in a Canadian setting. Attention is directed to the microeconomic aspects of financial intermediation, including the role of deposit-taking institutions and the re-regulation of the financial markets. The term structure of interest rates and the concepts of duration and interest rate risks are also considered. The course concludes with an examination of the conduct of monetary policy by the Bank of Canada under different policy and exchange rate systems.</p>		
<p>G: Allocation of Contact Hours to Types of Instruction/Learning Settings</p> <p>Primary Methods of Instructional Delivery and/or Learning Settings:</p> <p>Lectures and seminars</p> <p>Number of Contact Hours: (per week / semester for each descriptor)</p> <p>Lecture: 3 Hrs. Seminar: 1 Hr. Total: 4 Hrs.</p> <p>Number of Weeks per Semester:</p> <p>15 Weeks X 4 Hrs. Per week = 60 Hrs.</p>	<p>H: Course Prerequisites:</p> <p>ECON 150 and ECON 250</p>	
	<p>I: Course Corequisites:</p> <p>Nil</p>	
	<p>J: Course for which this Course is a Prerequisite:</p> <p>Nil</p>	
	<p>K: Maximum Class Size:</p> <p>35</p>	
<p>L: PLEASE INDICATE:</p> <p><input checked="" type="checkbox"/> Non-Credit</p> <p><input type="checkbox"/> College Credit Non-Transfer</p> <p><input type="checkbox"/> College Credit Transfer: Requested <input type="checkbox"/> Granted <input type="checkbox"/></p> <p>SEE BC TRANSFER GUIDE FOR TRANSFER DETAILS (www.bccat.bc.ca)</p>		

M: Course Objectives/Learning Outcomes:

To introduce students to the elements of monetary economics and the role of deposit-taking institutions in the process of financial intermediation in the payments system. At the end of the course, the student will be able to:

1. demonstrate an understanding of the functions of money, and other basic financial instruments, the credit creation process and competing theories of financial intermediation.
2. demonstrate an understanding of the various theories of the term structure of interest rates, the real rate of interest and the impact of inflation and taxation on the pattern of interest rates.
3. demonstrate an understanding of the concepts of duration and management of interest rate risks by financial institutions.
4. explain the rationale for the revisions of the Bank Act, and the re-regulation of the financial markets -- including the role of deposit insurance.
5. analyse the determinants of the money demand and money supply processes in the context of the conduct of monetary policy by the Bank of Canada.

N: Course Content

1. Introduction: role of money and the payments system.
2. Financial instruments and financial markets.
3. Yield differentials and the impact of inflation and taxation on interest rates.
4. The term structure of interest rates.
5. The theory of financial intermediation.
6. Management of interest rate risks and the concept of duration.
7. Public policy issues in the financial system, Bank Act revision and re-regulation of the financial markets.
8. Deposit expansion by chartered banks and near banks and the determinants of the money demand and money supply process.
9. Bank of Canada and the conduct of monetary policy under different policy regimes.

O: Methods of Instruction:

Lectures and seminars which will be devoted to discussions of the major issues in monetary economics and the recent developments in the financial markets.

P: Textbooks and Materials to be Purchased by Students:
 The main text is to be chosen from the following, as determined by the instructor:

Shearer, R., Chant et al. The Economics of the Canadian Financial System, Latest Ed. Prentice-Hall Canada, Inc.

Binhammer, H.H. Money, Banking & The Canadian Financial System, Latest Ed. Nelson Canada.

Mishkin, F. Money, Banking and Financial Markets, Latest Ed. Prentice-Hall.

Supplementary materials may be chosen from the following, as determined by the instructor:

Bank of Canada Review (various issues).

Various published or unpublished articles pertaining to the course content.

Q: Means of Assessment:

Term Exams	30% - 70%
Assignments	0% - 20%
Final Exam	30% - 40%
Class Participation	<u>0% - 10%</u>
	<u>100%</u>

THERE WILL BE A MINIMUM OF THREE (3) EVALUATIONS.

R: Prior Learning Assessment and Recognition: specify whether course is open for PLAR

No.

Course Designer(s)

Les Marshall

Education Council/Curriculum Committee Representative

Dean/Director

Jim Sator

Registrar

Trish Angus