

## LABETTE COMMUNITY COLLEGE BRIEF SYLLABUS

### **SPECIAL NOTE:**

This brief syllabus is not intended to be a legal contract. A full syllabus will be distributed to students at the first class session.

### **TEXT AND SUPPLEMENTARY MATERIALS USED IN THE COURSE (if any):**

Please check with the LCC bookstore <http://www.labette.edu/bookstore> for the required texts for this class.

<b><u>COURSE NUMBER:</u></b>	FINA 201
<b><u>COURSE TITLE:</u></b>	MONEY AND BANKING
<b><u>SEMESTER CREDIT HOUR:</u></b>	3
<b><u>DEPARTMENT:</u></b>	Financial Services
<b><u>DIVISION:</u></b>	Career Technical Education
<b><u>PREREQUISITES:</u></b>	ECON 203 Macroeconomics ECON 204 Microeconomics

### **COURSE DESCRIPTION:**

Money and Banking is a course designed to provide the student with a broad based knowledge of the inner workings of the U.S. Banking system. The course is the study of the way in which money is created in a modern 21<sup>st</sup> century economy. It is the story of how the banking system "creates" money with the assistance of and under the influence of any nation's Central Bank, in the United States, The Federal Reserve System. The course discusses the tools of Monetary Policy available to the central bank. The role of the public and its government play in the process of the creation and circulation or flow of money is also an integral part of the course. Finally, the role of financial intermediaries and their history and the role of the financial markets is surveyed.

### **COURSE OUTCOMES AND COMPETENCIES:**

**Students who successfully complete this course will be able to:**

1. Acquire overview knowledge of the financial system.
  - Identify and analyze the functions of financial markets.
  - Explain what is involved in the structure of financial markets.
  - Compare and contrast the difference between depository institutions, contractual savings institutions and investment intermediaries.

2. Gain insight into the factors that influence the supply and demand for money, changes in interest rates and the stock market.

- Distinguish between nominal yield, current yield, yield to maturity, real interest rates and nominal interest rates.
- Compare and contrast the different theories that explain the supply and demand for money.
- Identify changes in the equilibrium interest rate.
- Evaluate the evidence in favor of, and against, the efficient market hypothesis.

3. Acquire knowledge of the risk and term structure of interest rates.

- Identify the meaning of default risk, liquidity, and income tax considerations and explain how they impact the structure of interest rates.
- Compare and contrast the different theories of the term structure of interest rates.
- Examine and interpret the yield curve for expectations of future interest rate movements.

4. Gain insight into the organization structure of the central banking system, the Federal Reserve System and the money supply process.

- Argue the case for, and against, an independent Federal Reserve System.
- Explain the major functions and purpose of the Federal Open Market Committee.
- Identify four major players in the money supply process and the factors that determine the money multiplier.
- Discuss the advantages and disadvantages of the discount policy and reserve requirements.

5. Gain insight into the banking industry and its structure and regulation.

- Discuss the principles of liquidity, asset and liability management for banks.
- Identify current trends in banking.
- Explain the historical factors that have led to banking crises.

6. Acquire knowledge concerning the conduct of monetary policy and goals set by the Federal Reserve.

- Identify the goals of monetary policy.
- Explain how changes in the tools of monetary policy affect the Fed Funds rate.
- Discuss the advantages and disadvantages of open market operations and discount policy.