

The Hashemite University
College of Economics and Business Administration
Department of Economics
Summer 2010/2011

Course Title: Money and Banking
Course Number: Econ 201303
Course Prerequisite: Econ 2201102
Email Address: ahmadk@hu.edu.jo

Instructor Name: Dr. Ahmad Khasawneh
Office Room: Econ 337
Office Hours: 10:20 - 11:20 everyday
or by appointment
Phone Extension: 05/3903333 Ext. 4426

Course Description:

The course enables students to discuss the importance and the behavior of the interest rate, nature and functions of money, commercial banks, central banks, the monetary policy instruments, targets and theories.

Course Objectives:

By the end of the semester, you should be able to:

- 1) Have a clear idea about the role of both the financial markets and the financial institutions in the economy.
- 2) Understand the role and the behavior of the interest rate in the economy.
- 3) Understand the relation between the central bank and the naming system and the how this relation affects the quantity of money supply in the economy.
- 4) Understand the role of money in the economy.

Required Textbook:

Frederic S. Mishkin, *The Economics of money, Banking and Financial Markets*, 9th Edition, Addison – Wesley, 2010.

Course Requirements

Attendance is required and is assumed and expected. Students missing classes should seriously reflect on their commitment to this course as missing classes are highly correlated with poor performance on the exams.

There will be two midterm exams and a final exam. The final exam will be comprehensive. Each midterm exam weighs 20% of the overall grade. The final exam weighs 50% of your overall grade. Attendance and Participation contribute 10% to your grade.

Missing Exam

A missed exam may be made – up only and only if: 1) the reason for missing the exam is beyond the student's control, or 2) the student receives prior consent from the instructor for missing the exam. In either case, the student must submit a written and signed statement concerning the reasons for missing the exam, with appropriate documentation, and petition for make – up. A missed exam will carry a zero grade if these conditions are not met.

Academic Integrity

Academic integrity is fundamental to the process of learning and evaluating academic performance. Academic dishonesty will not be tolerated. Academic dishonesty includes, but is not limited to, the following: cheating, plagiarism, tampering with academic records and examinations, falsifying identity, and being an accessory to acts of academic dishonesty. Should issues concerning academic integrity arise; the Hashemite University's Judicial Code will be strictly enforced. Cheating in exams will result in an automatic zero score.

Course Outline:

<i>Ch1:</i> Why Study Money, Banking, and Financial Markets?
<i>Ch2:</i> An Overview of the Financial System
<i>Ch3:</i> What Is Money?
<i>Ch4:</i> Understanding Interest Rates
<i>Monday June 27th: First Exam (Covers Chapters 1, 2, 3, and 4)</i>
<i>Ch5:</i> The Behavior of Interest Rates
<i>Ch6:</i> The Risk and Term Structure of Interest Rates
<i>Ch7: The Stock Market, the Theory of Rational Expectations, and the Efficient Market Hypothesis</i>
<i>Monday July 11th: Second Exam (Covers Chapters 5, 6 and 7)</i>
<i>Ch10:</i> Banking and the Management of the Financial Institution
<i>Ch13:</i> Central Banks
<i>Ch14:</i> The Money Supply Process
<i>The Final Exam's date to be Assigned by the Registrar Office</i>