



Korea University International Summer Campus (KU ISC) 2022

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June 28, 2022 ~ August 4, 2022

ISC301A – Money and Banking

I . Instructor

Professor	:	Willie J. Belton
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Home Institution	:	Georgia Institute of Technology
Class Time	:	Period 1 8:40 – 10:20 KST and Period 2 10:30 – 12:10 KST
Office	:	
Office Hours	:	1:00pm – 2:30pm MTW

II. Textbook

Required Textbook	:	The Economics of Money, Credit, Banking and Financial Market 12 Edition
Recommended Additional Readings	:	

III. Course Description and Objectives

Course Description: This is a course on money and basics of financial intermediation. It is assumed that students have already taken a class in principles of economics and are familiar with the basics of economic reasoning. This means **you should have completed either a one-semester course in *Principles of Economics* or a two-semester sequence in *Principles of Microeconomics and Macroeconomics***. Students should **NOT** take this class if they are currently enrolled in *Principles of Microeconomics* (ISC 202) or *Principles of Macroeconomics* (ISC 203).

We will study the role of money and financial markets in modern market-oriented economies. We will examine the unique roles played by banks and other financial intermediaries as well as the role of organized markets for financial assets, such as the stock and bond markets. We will examine the role of the central bank or monetary authority both as a regulator and as the ultimate controller of a nation's money supply. We will consider the potential role that monetary policy plays in economic stability and the interaction it has with exchange rate policy. A familiarity with calculus and basic statistics is an advantage in this class, but is not a hard prerequisite. Students should be familiar and comfortable with algebra.

IV. Grading

Midterm Exam	:	There will no midterm exam grades on the first three quizzes will be used to determine midterm grades.
Final Exam	:	There will be six quizzes given during the term. These quizzes will occur on the

		dates specified below. Each quiz will cover material covered during the previous four lectures. The best five of six quiz grades will be used to calculate the student's final class average. If a student is unhappy with his/her final quiz average then a comprehensive final exam will be offered during the final exam week. If a student chooses to sit for the comprehensive final, the grade earned on this final will account for 100% of the final grade i.e., the quiz average must be forfeited. Student(s) opting to take the final exam must contact Professor Belton to schedule an exam time during the final exam week. The grading scale provided in the ISC brochure will be used to determine letter grades for this course.
Assignments	:	Students will also be required to complete weekly homework assignments that will be graded. The average grade received on the six required homework assignments can be used to substitute for the lowest of the required five quiz grades.
Participation	:	The participation grade will be base on classroom participation and will account for 10% of the final grade.

V. Class Outline

Date	Topic	Chapter	Remarks
June 28 (Tue)	Orientation Day (no classes)		
June 29 (Wed)	This section of the course provides an introduction to money and banking and also provide context for how money and financial markets drive the economic system. This section also provides a definition of money and attempts to expose students to the benefits of a money using economy. Why Study Money, Banking, and Financial Markets An Overview of the Financial System	Ch. 1 Ch. 2	
June 30 (Thu)	An Overview of the Financial System What is Money?	Ch. 2 Ch. 3	
July 1 (Fri)	QUIZ 1	Chs. 1,2,3	
July 4 (Mon)	The second section of course introduces the student to the basic building blocks of financial markets and the role of interest rate as an equilibrating mechanism. This section examines the risk and term structures of interest rate. Finally, the section covers the role rational expectations in the efficient allocation of investment capital via the Stock Market. Understanding Interest Rates The Behavior of Interest Rates	Ch. 4 Ch. 5	
July 5 (Tue)	The Behavior of Interest Rates The Risk and Term Structure of Interest Rates	Ch. 5 Ch. 6	
July 6 (Wed)	The Risk and Term Structure of Interest Rates The Stock Market, the Theory of Rational Expectations And the Efficient Market Hypothesis	Ch. 6 Ch. 7	
July 7 (Thu)	QUIZ 2		
July 11 (Mon)	The third section of the course provides a view of the structure of the financial system and reveals how the regulatory structure has evolved over time and is implicated		

	in the 2007- 2011 financial crises. An Economic Analysis of Financial Structure Financial Crises	Ch. 8 Ch. 12	
July 12 (Tue)	Financial Crises Financial Derivatives Management of Financial Institutions	Ch. W4 Ch. 9	
July 13 (Wed)	Economic Analysis of Financial Regulation Banking Industry: Structure and Competition	Ch. 10 Ch. 11	
July 14 (Thu)	QUIZ 3		
July 18 (Mon)	Central Bank behavior is at the center of Monetary Policy. Understanding Central Bank behavior is paramount to understanding the efficacy of Monetary Policy. The Central Bank, the banking system, and the banking public all act in unisons to control the supply of money and /or interest rates. The Central Bank and the Federal Reserve The Money Supply Process	Ch. 13 Ch. 14	
July 19 (Tue)	The Money Supply Process Tools of Monetary Policy	Ch. 14 Ch. 15	
July 20 (Wed)	Tools of Monetary Policy The Conduct of Monetary Policy	Ch. 15 Ch.16	
July 21 (Thu)	QUIZ 4		
July 25 (Mon)	Foreign Exchange Markets provide the keys economic integration across the world. The regional and system financial crisis of the last 30 years has provided evidence as to the nature and depth of world financial interdependence. This section provides the student a bird's eye view of the interdependent nature of the world financial system The Foreign Exchange Market	Ch. 17	
July 26 (Tue)	The Foreign Exchange Market The International Financial System	CH. 17 Ch. 18	
July 27 (Wed)	The International Financial System	Ch. 18	
July 28 (Thu)	Quiz 5		
Aug 1 (Mon)	The final section of the course cover monetary theory as it relates to the control of business cycles in the Macro economy. This section develops the IS-LM and the Aggregate Demand –Aggregate Supply in an effort to provide the student with a view of how monetary policy is used in business cycle management. Theory of Money Demand The IS-LM Model	Ch. 19 Ch.20	
Aug 2 (Tue)	Aggregate Demand- Aggregate Supply And Monetary Policy	Ch.22 Ch.23	

Aug 3 (Wed)	Quiz 6		
Aug 4 (Thu)	/ Graduation Day		