

### Subject Description Form

<b>Subject Code</b>	AF3621
<b>Subject Title</b>	Money and Banking
<b>Credit Value</b>	3
<b>Level</b>	3
<b>Normal Duration</b>	1-semester
<b>Pre-requisite</b>	AF1605 Introduction to Economics <i>OR</i> equivalent
<b>Objectives</b>	This subject contributes to the achievement of the BBA Outcomes by enabling students to <u>apply</u> basic financial theories, <u>analyze</u> financial reports and <u>understand</u> the operation of financial markets (Outcome 7).
<b>Intended Learning Outcomes</b>	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> <li>a. Analyze the determinants of interest rates.</li> <li>b. Explain the importance and operations of the banking system.</li> <li>c. Examine the implication of monetary policy.</li> <li>d. Evaluate the role and functioning of various financial markets and institutions.</li> </ul>
<b>Subject Synopsis/ Indicative Syllabus</b>	<p><b>Money and Interest Rate</b> What is money? Concept and behaviour of interest rates. Risk and term structure of interest rates.</p> <p><b>Banking System and Monetary Policy</b> Economic analysis of banking system. The money supply process. Central banking. Tools and conduct of monetary policy.</p> <p><b>Monetary Theory</b> Theories of demand for money. Transmission mechanisms of monetary policy. Monetary and fiscal policy in the IS-LM model. Theory of rational expectation.</p> <p><b>Financial Markets</b> Nature of financial markets and financial intermediation. Economic analysis of financial structure. The role of transaction cost and asymmetric information. Concept of market efficiency.</p> <p><b>Financial Institutions</b> Banking and non-banking institutions. Regulation of financial institutions.</p>
<b>Teaching/Learning Methodology</b>	The 3 hour seminar consists of lecture and student activities. Lectures are used to explain the basic concepts related to the subject. Student activities involve small groups of students working on a series of presentations and problem set solving. Students are also required to write individual essays and to discuss findings from published research

	articles.							
<b>Assessment Methods in Alignment with Intended Learning Outcomes</b>	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)					
			a	b	c	d		
	<b>Continuous Assessment</b>	<b>50%</b>						
	1.Presentation of problem set questions and article/ data analysis	20%	✓	✓	✓	✓		
	2. Individual written report	10%	✓	✓	✓	✓		
	3. Mid-term test	15%	✓	✓	✓	✓		
	4. Class participation	5%	✓	✓	✓	✓		
	<b>Final Examination</b>	<b>50%</b>	✓	✓	✓	✓		
	Total	100 %						
<p>To pass this subject, students are required to obtain Grade D or above in <b>both</b> the Continuous Assessment and Examination components.</p> <p>Presentation and written reports on problem set questions and data analysis are used to test students' ability in achieving the intended learning outcomes through a more in-depth investigation of different topics.</p> <p>Mid-term test and final examination are used to test students' overall ability in achieving the intended learning outcomes.</p>								
<b>Student Study Effort Expected</b>	Class contact:							
	▪ Seminar							39 Hrs.
	Other student study effort:							
	▪ Self study and homework preparation							78 Hrs.
	Total student study effort							117 Hrs.
<b>Reading List and References</b>	<p><b>Recommended Textbook</b> Mishkin, Frederic S., The Economics of Money, Banking, and Financial Markets, Pearson, latest edition.</p> <p><b>References</b> Journal articles.</p>							

	Publications of the U.S. Federal Reserve Bank. The Journal of Money, Credit and Banking. Journal of Finance. Journal of Financial Economics.
--	---