

Department of Economics
Econ 3607 A - Monetary and Financial Institutions
Winter 2023

Instructor: Dr. Collins Ayoo
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Class Time: Thursdays 6:05 - 8:55 pm
Class Location: University Centre 182
Office Hours: Thursdays 4:45 - 5:45 pm
Teaching Assistant: Yousra Nafie



A. Introduction

Well-functioning monetary and financial institutions are essential for a modern economy. This course will examine the roles and responsibilities of various monetary and financial institutions, and the underlying economic theories that guide them. The course will also discuss how individuals and institutions can manage risk, and how these institutions influence the long-term economic growth using the aggregate demand-aggregate supply framework.

B. Prerequisites and Preclusions

ECON 1001 and ECON 1002 or ECON 1000 or FYSM 1003. If you believe that you have an equivalent background or have taken similar courses from another university, please provide appropriate documentation to the Department of Economics Undergraduate Administrator, Renee Lortie.

C. Course Delivery

All the lectures this course will be delivered in-person in class. Students are therefore expected to attend all classes during the scheduled lecture times.

D. Brightspace

All relevant course material, assignments, and announcements will be available on BRIGHTSPACE which is Carleton University's learning management system under ECON 3607A which can be accessed at <http://brightspace.carleton.ca>. Students are responsible for checking BRIGHTSPACE regularly to ensure that they are up to date with any announcements. For further

assistance and support with BRIGHTSPACE, visit <https://carleton.ca/brightspace/where-to-get-help-with-brightspace> or contact the ITS Service Desk (4th Floor, MacOdrum Library, telephone: 613-520-3700).

E. Email

If you need to email the Instructor or a TA, please do so using Carleton email address. I will try to respond to student's email within three working days. I will not reply to emails originating from non-Carleton email accounts. For matters related to course material, I would encourage students to discuss this with your TA in-person or me.

F. Required Texts

Stephen Cecchetti & Kermit Schoenholtz, Money, Banking, and Financial Markets, Canadian Edition, McGraw-Hill.

G. Recommended Websites

Bank of Canada: www.bankofcanada.ca
Department of Finance: www.fin.gc.ca
Canada Deposit Insurance Corporation (CDIC): www.cdic.ca
The IMF: www.imf.org
Statistics Canada: www.statcan.gc.ca

H. Evaluation

The final grade in the course will be determined as follows:

4 Assignments: 30%

Mid-term Examination: 30% - February 16, 2023.

Final Examination: 40% scheduled by the University between between April 15 and 27, 2023.

Problem Sets: I will assign four problem sets through the semester. All assignments must be submitted in class on the due dates. No late assignments will be accepted.

Midterm Exam: The mid-term exam will be on February 16, 2023 in class. There will be no deferred midterm exam. For students who can document a compelling reason for missing the mid-

term exam, the weight assigned to the midterm exam will automatically be shifted to the final exam. Students *must* inform the instructor of such an absence in advance, if possible.

Final Exam: The final exam will be cumulative (i.e., based on the whole course). It will be in person at the time and place determined by the University. Failure to write the final exam when the student has achieved satisfactory performance during the semester will result in a grade of ‘F’ until an appeal to write the deferred final exam in May 2023 if granted by the Registrar’s Office. Application to write a deferred final examination must be made at the Registrar’s Office. A change of grade will be submitted when the deferred final exam has been written and the marks are available. See Academic Regulation 2.3 for the official meanings of the grades, and note that it stipulates that no course grades are final until approved by the Faculty Dean.

I. Satisfactory Performance Criteria

Students must fulfil all of the preceding course requirements in order to achieve a passing grade (D- or higher). Failure to write the final examination when the student has achieved satisfactory performance during the term will result in a grade of ABS (“Absent from a required final examination”). See Academic Regulation 2.3 for the official meanings of these grades, and note that it stipulates that no course grades are final until approved by the Faculty Dean. Note also that course grades may be scaled upwards or downwards in a rank-preserving manner to better fit the relevant departmental distributional norm. Application to write a deferred final examination must be made at the Registrar’s Office.

J. Course Sharing Websites

Please note that student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

K. Statement on Plagiarism

Please be aware that plagiarism is a serious offence at Carleton and should be recognized and avoided. For example, simply copying someone’s assignment whether in whole or in part can be considered as plagiarism. For further information on how to do so, please see [Academic Integrity and Offenses of Conduct](#) .

L. Course Outline

Chapter 1: An Introduction to Money and the Financial System

Chapter 2: Money and the Payments System
Chapter 3: Financial Instruments, Financial Markets, and Financial Institutions
Chapter 4: Future Value, Present Value, and Interest Rates
Chapter 5: Understanding Risk
Chapter 6: Bonds, Bond Prices, and the Determination of Interest Rates
Chapter 8: Stocks, Stock Markets, and Market Efficiency
Chapter 10: Foreign Exchange
Chapter 11: The Economics of Financial Intermediation
Chapter 18: Monetary Policy: Stabilizing the Domestic Economy
Chapter 19: Exchange-Rate Policy and the Central Bank
Chapter 20: Money Growth, Money Demand, and Modern Monetary Policy
Chapter 21: Output, Inflation, and Monetary Policy
Chapter 22: Understanding Business Cycle Fluctuations

M. Information on Academic Accommodations

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

Pregnancy obligation or Religious Obligation accommodation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: Student Guide to Academic Accommodation

Academic Accommodations for Students with Disabilities

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your *Letter of Accommodation* at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. carleton.ca/pmc

Survivors of Sexual Violence

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and survivors are supported through

academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: carleton.ca/sexual-violence-support

Accommodation for Student Activities

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist.

<https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>