



**College of Liberal Arts and Education  
Department of Economics**

**Winter 2016**

**ECN 3050: Money and Financial Systems  
Online**

**Instructor:** Yu Peng Lin  
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**Class:** Online  
**Q&A:** Via email  
**Course Website:** <http://knowledge.udmercy.edu>

**Course Description:**

This course provides an overview of the financial system, institutions, and instruments. Course topics include: the nature and economic role of money and credit, financial intermediation and its control by monetary authority, financial markets, institutions and instruments, interest rate theory, international financial system, and foreign exchange market.

This course provides an introduction to the financial system, which precedes courses in finance and economics. It serves as an introductory course for graduate students who are seeking an advanced study in the field of financial economics. Concepts such as financial intermediation, money, credit, interest rates, valuation are covered. Cash and derivative markets as well as domestic and international finance are grist for our mill. The roll of the monetary authority and its relationship to the financial system is introduced.

**Course Objectives:**

The objective of the course is to introduce students the nature and scope of the financial system, banking industry, and financial instruments with an introduction of financial

derivatives. We will put a significant amount of time studying the time value of money. This course is essential for students seeking to study the links between economics and finance and those with a special interest in capital asset pricing, corporate finance, portfolio theory, derivative securities, and discount rates.

**Students Learning Outcomes:**

After successful completion of this course, students will be able to understand

- (1) The significance of the financial system and the conflict of interest in the financial industry.
- (2) Time value of money.
- (3) The behavior of interest rate.
- (4) The basic valuation models.
- (5) The banking industry
- (6) Corporate finance and derivative securities.

**Required Textbook:**

- (1) “The Economics of Money, Banking & Financial Markets, Business School Edition” **3<sup>rd</sup> edition**, by Frederic S. Mishkin
- (2) “Time Value of Money: A Key in Finance”, 1<sup>st</sup> edition, by Yu Peng Lin

**Course Policy:**

Students are responsible for the material covered in class. A review of basic linear algebra is highly recommended. Students are encouraged to read main finance newspapers and magazines such as the Wall Street Journal and the Economist.

<b><u>Week/Day</u></b>	<b><u>Topic</u></b>	<b><u>Book Chapters</u></b>	<b><u>Exams/Assignments</u></b>	<b><u>Day</u></b>
1/Jan.11 ~ Jan.16	Money, Banking, and Financial Markets: Introduction	(1) Ch.1 ~ Ch.3	Assignment Tryout	Jan.16
2/Jan. 18 ~ Jan. 23	Time Value of Money	(2) Ch. 1~ 5	Assignment (a)	Jan.23

3/Jan. 25 ~ Jan. 30	Time Value of Money	(2) Ch.1 ~ 5	Online Discussion (b)	Jan.30
4/Feb. 01 ~ Feb. 06	Interest Rates and Yield to Maturity	(1) Ch.4, 5	Assignment (c)	Feb.06
5/Feb. 08~ Feb. 13	Interest Rates and Yield to Maturity	(1) Ch.4, 5	Online Discussion (d)	Feb.13
6/Feb. 15 ~ Feb. 20	The term structure of interest rates and Stock Valuation	(1) Ch.6, 7	Assignment (e)	Feb.20
7/Feb. 22 ~ Feb. 27	The term structure of interest rates and Stock Valuation	(1) Ch.6, 7	Online Discussion (f)	Feb.27
8/Feb. 29 ~ Mar. 05	Financial Structure and Banking	(1) Ch. 8, 10	Assignment (g)	Mar. 05
9/Mar. 07 ~ Mar. 12	-	-	<i>Spring Break-no Assignment</i>	-
10/Mar. 14 ~ Mar. 19	Central Banking and Money Creation Process	(1) Ch.16, 17	Online Discussion (h)	Mar.19
11/Mar. 21 ~ Mar. 26	The Conduct of Monetary Policy	(1) Ch.18, 19	<i>Easter Recess – No Assignment</i>	-

12/Mar. 28 ~ Apr. 02	The Conduct of Monetary Policy	(1) Ch.18, 19	Assignment (i)	Apr.02
13/Apr. 04 ~ Apr. 09	The Conduct of Monetary Policy	(1) Ch.18, 19	Online Discussion (j)	Apr.09
14/Apr. 11 ~ Apr. 16	Financial Derivatives	(1) Ch.14	Assignment (k)	Apr.16
15/Apr. 18 ~ Apr. 23	-	-	Final Assignment available in Blackboard by April 18	April 27

**\*Note – The last day to withdraw from this class is March 31, 2016.**

### **Online Section Participation Guidelines**

There are two categories of online section – online discussions and online assignments (including the final assignment). Please read the following guidelines carefully.

- Online Discussions: every student is required to post an online discussion with at least 250 ~ 300 word counts on the assigned topic and respond to at least **one** of others' postings. The response is required to have at least 100 ~ 150 word counts. Please post your discussions as early as possible during the week to let others have time to respond.
- Online Assignments: Students are required to answer the assigned questions thoroughly with required graphs and discussions. The discussions are required to have **at least 250 ~ 300 word counts per assignment.**
- The deadline for both online discussions and assignments is at 4:00pm on the due day. To ensure every student be treated fairly, late submission is barely accepted.
- All online assignments, ***not*** online discussions, are required to be submitted in a **Word document.** **No** other formats are acceptable.
- Final assignment: The final assignment is **comprehensive** and serves as the final exam of this course. Students are required to complete the assignment with **at least 700 ~ 800 word counts.**

- Students are required to submit the assignments to **Knowledge/Blackboard**. Please **DO NOT** submit your work via email.
- Every submission will be graded within **7 working days** after the submission deadline. Once graded, the grade will be available in Knowledge/Blackboard and comments (if provided) will also be provided.
- The assignments are considered as individual work. Hence, students must **NOT** work on the assignments collaboratively. If violated, students will face University policy actions on Academic Dishonesty.

### **Course Grading Policy**

1. Online discussion: Each online discussion accounts for 5% of the final course grade.
2. The online assignments will be graded based on a 100 scale. Each assignment accounts for 10%.

**NOTE: the lowest graded assignment (but NOT online discussion) will be automatically dropped.**

3. The final assignment occupies 25% of the course grade and it is graded on a 100 scale.
4. The final course grade is calculated as following:

*Final Course Grade = [5 Online Discussion]\*5% + [5 Online Assignments]\*10% + Final Assignment\*25%*

**Grading:** The University of Detroit Mercy grading scale is as follows:

A	100 – 93
A-	92 - 90
B+	89 – 87
B	86 – 83
B-	82 - 80
C+	79 – 77
C	76 – 73
C-	72 – 70
D	69 – 60
F	59 - 00

**Assessment Standards for the online assignments**

Requirements	Excellent	Average	Below Average	Did not participate
Summary	Students submitted an original posting with at least 300 word counts. <b>30 ~ 40 points</b>	Students submitted an original posting with word counts of 250 ~ 300. <b>20 ~ 30 points</b>	Students submitted an original posting with word counts of 200 ~ 250. <b>10 ~ 20 points</b>	Students submitted an original posting word counts below 200. <b>0 ~10 point</b>
Quality of summary	Students submitted original posting containing clear and very understandable information. <b>50 ~ 60 points</b>	Students submitted original posting containing average clear and understandable information. <b>40 ~ 50 points</b>	Students submitted original posting containing barely clear and understandable information. <b>30 ~ 40 points</b>	Students submitted original posting containing unclear and confusing information. <b>0 ~ 30 point</b>
Earned points/Category	points_____	points_____	points_____	points_____
Total points	Total_____			

**Assessment Standards for the final assignment**

Requirements	Excellent	Average	Below Average	Did not participate
Summary	Students submitted an original summary with at least 600 word counts. <b>30 ~ 40 points</b>	Students submitted an original summary with word counts of 500 ~ 600. <b>20 ~ 30 points</b>	Students submitted an original summary with word counts of 400 ~ 500. <b>10 ~ 20 points</b>	Students submitted an original summary word counts below 400. <b>0 ~10 point</b>
Quality of summary	Students submitted original summary containing clear and very understandable summary of the	Students submitted original summary containing average clear and understandable	Students submitted original summary containing barely clear and understandable summary of the	Students submitted original summary containing unclear and confusing summary of the chapter/article.

	chapter/article.  <i>50 ~ 60 points</i>	summary of the chapter/article.  <i>40 ~ 50 points</i>	chapter/article.  <i>30 ~ 40 points</i>	<i>0 ~ 30 point</i>
Earned points/Category	points_____	points_____	points_____	points_____
Total points	Total_____			

**Class Attendance and Participation:**

A vital part of every student’s education is regular attendance of class meetings. Any absences tend to lower the quality of a student’s work, and frequent or persistent absences may result in a failing grade. Students are responsible for the materials covered in class. Class participation is highly encouraged as it makes class more interesting and enhances the learning experience. Students are strongly encouraged to ask questions and participate in class discussions and problem solving. Good attendance and participation will be rewarded when final grades are assigned.

**Compliance with UDM Student-Related Policies**

Students of the University of Detroit Mercy are expected to comply with all policies and practices established by the College and/or University. Listed below are a few specific UDM policies, however the list is not intended to be exhaustive. A complete listing of all UDM policies can be found in the UDM Student Handbook, and students are expected to be familiar with all UDM student-related policies.

**Student Course Evaluations**

Student course evaluations are an important source of information for curricular and teaching improvement in the College of Liberal Arts and Education. As such, all students enrolled in CLAE courses are strongly encouraged to complete an online course evaluation. Course evaluations are completed during the week preceding final exams each semester. Information is provided to students through email explaining how to complete the evaluation online.

**Available Support Services**

The University of Detroit Mercy has a wide array of support services available to all students that include the library, media center, tutoring (UAS, 3<sup>rd</sup> Floor of Library) and Writing Center (Briggs 135). The UDM Student Handbook contains complete information regarding location and hours of operation of the University’s support services. Students are encouraged to utilize the support services provided by the University, as needed.

## **UDM Policy on Plagiarism and Academic Integrity**

As members of an academic community engaged in the pursuit of truth and with a special concern for values, students are expected to conform to a high standard of honesty and integrity in their academic work. The fundamental assumption under which the University operates is that work submitted by a student is a product of his/her own efforts.

Among the most serious academic offenses is plagiarism, submitting the style of another author or source without acknowledgment or formal documentation. Plagiarism occurs when specific phrases or entire passages, whether a sentence, paragraph or longer excerpt, are incorporated into one's own writing without quotation marks or documentation. One also plagiarizes by paraphrasing the work of another, that is, retaining another writer's ideas and structure without documentation.

Students are advised always to set off another writer's exact words by quotation marks, with appropriate references. Students avoid plagiarism by concentrating on their own words and ideas and by fully crediting others' words and ideas when they find their way into the writing. Whenever in doubt, cite the source.

Students that purchase essays from other students or agencies or who copy from one another or from prohibited sources, commit the most serious type of academic dishonesty. The consequences of plagiarism, or any act of academic dishonesty, may range from failure on an assignment or in a course to dismissal from the University.

### **Disability Support Services and Accommodations:**

It is very important for students to be proactive with regard to requesting disability accommodations. While it is never required that you disclose your disability to your professors, all students at UDM are encouraged to talk to their professors to discuss their concerns. Faculty cannot provide disability accommodations without official notification from the Disability Support Services office. If you need an accommodation because of a disability, if you have emergency medical information to share, or if you need special arrangements in case the building must be evacuated, please contact Emilie Wetherington as soon as possible to schedule an appointment ([gallegem@udmercy.edu](mailto:gallegem@udmercy.edu) or (313) 578-0310). Disability Support Services is located in the Student Success Center, Room 319, on the 3rd Floor of the Library, McNichols Campus.

### **Forms of academic dishonesty**

- 1) Cheating: deception in which a student misrepresents that he/she has mastered information on an academic exercise that he/she has not mastered; giving or receiving aid unauthorized by the instructor on assignments or examinations.
- 2) Academic misconduct: tampering with grades or taking part in obtaining or distributing any part of a scheduled test.
- 3) Fabrication: use of invented information or falsified research.
- 4) Plagiarism: unacknowledged quotation and/or paraphrase of someone else's words, ideas, or data as one's own in work submitted for credit. Failure to identify information or essays from the Internet and submitting them as one's own work also



constitutes plagiarism.

5) Please be aware that the University subscribes to the Turnitin plagiarism detection service. Your paper may be submitted to this service at the discretion of the instructor.

### **Other Class Policies**

- \* Everyone in class is expected to follow all rules of common courtesy during classroom lectures and discussions. *You are expected to be in class on time and to remain until the end of the class.* You are expected to turn off your cell phones, beepers or any other gadgets that can make noise or create distraction in class. You may not engage in any activity disruptive to the class (e.g. talking, sleeping etc.) while the class is in session. Food is not allowed in class, but coffee/soft drinks/water are allowed. Anyone violating these policies may be subject to disciplinary actions.
- \* This course is intensive and challenging and you are expected to master the materials presented in class. The structure of the class makes your individual study and preparation outside of class extremely important. Reading the assigned chapter(s) and having some familiarity with them before class will be very useful for understanding lectures.
- \* The course covers a lot of material and most students find at least some parts of it difficult. Your participation is highly encouraged in the class as it makes class more interesting and enhances the learning experience. I encourage you to ask questions, participate in class discussions and problem solving.
- \* The provisions and information set forth in this schedule are intended to be informational and not contractual in nature. I reserve the right to amend, alter, change, delete or modify the provisions of the schedule. All the changes will be announced in class and you are responsible for the announcements made in class.
- \* Finally, *“hard work always leads to success”*