



# 44739 – Introduction to Money and Banking



**Instructor:** Amineh Mahmoudzadeh, [mahmoodzadeh@sharif.edu](mailto:mahmoodzadeh@sharif.edu)

**Office:** Room 113.

**Office Hours:** Mondays 1:30 – 2:30 pm, and by appointment.

Extra Office Hours & Review Sessions TBA before tests.

**Phone:** 66165863

## **Teaching Assistance:**

AmirHossein Vaziri, <mailto:amirhvaziri@yahoo.de>

**Office Hours:** TBA

**Course Description:** This course is designed to help students understand on the economics of money, banking and financial markets. The course aims to provide the student with an introduction to the role of money, financial markets, financial institutions, and monetary policy in the economy, thus providing a solid foundation for further study in the financial sector. There are three main components of the course. First, the role of financial markets in the economy will be considered with an emphasis on monetary concepts and interest rate determination. The course will then cover the main aspects of banks and other financial institutions before turning to an investigation of the financial market condition in Iran economy during previous years. We will often begin class with a discussion of current macro-financial market events in the context of our course coverage. The course is appropriate for anyone trying to gain a macroeconomic perspective on financial markets.

**Prerequisites:** Introduction to Economics and Introduction to Macroeconomics

## **References:**

1. \*[M] Mishkin, F. S. (2016). *The economics of money, banking, and financial markets*. Pearson education.
2. \*[MT] Matthews, K., & Thompson, J. L. (2005). *The economics of banking*. J. Wiley.
3. [CS] Cecchetti, S. G., Schoenholtz, K. L., & Fackler, J. (2006). *Money, banking, and financial markets* (Vol. 4). McGraw-Hill/Irwin.
4. [F] Ferguson, N. (2008). *The ascent of money: A financial history of the world*. Penguin.
5. [K] King, M. “*The End of Alchemy, Money, Banking and the Future of Global Economy*”, W. W. Norton & Company.

۶. ا. محمودزاده و س.ع. مدنی‌زاده، «ارزیابی وضعیت و چشم‌انداز بازارهای مالی»، موسسه عالی آموزش و پژوهش مدیریت و

برنامه‌ریزی، بهار ۱۳۹۸.

**Course Website:** <http://cw.sharif.edu/course/view.php?id=3719>

**Course Discussion Group:** <https://t.me/GSMEMoneyBanking2020>

### **Outline & Required Textbook Readings:**

1. Why Study Money, Banking, and Financial Markets?
2. An Overview of the Financial System
3. What Is Money?
4. Financial Markets
5. Understanding Interest Rates
6. The Behavior of Interest Rates
7. The Risk and Term Structure of Interest Rates
8. An Economic Analysis of Financial Structure
9. Financial Crises
10. Banking and the Management of Financial Institutions
11. Economic Analysis of Financial Regulation
12. Banking Industry: Structure and Competition
13. Financial Markets in Iran

### **Grades:**

Problem Sets (10-12): 25%

Quiz (2-4): 10%

Midterm (99/8/29, 8:30): 20%

Final Exam (99/10/23, 15:00): 25%

Final Project (99/11/12): 15% + 5%

Class Activity: 5%

### **Problem Sets:**

- Problem sets will be uploaded on Mondays, due date is right before class, the next week.
- You are supposed to organize your groups (2 persons) and collaborate on solving problem sets, but please consider that each person should submit his/her own work.
- Please add the signed “Honor Code” as your homework’s cover letter.
- In case of copying, all participants get zero for the first time, the next time, the final score of problem sets and quizzes decreases to zero, and for the third practice the final score would be zero or you should drop the course.
- There is no extension, in case of emergency issues, please inform me with a valid explanation before the deadline.
- You can drop one problem set.
- If you want your problem sets re-graded, please send your request to TA within one week upon the return of your problem set.

### **Project:**

Please choose one of the following subjects: 1) pick a country which has a notable experience of financial reform, find at least 2 related academic papers, summarize and present them. 2) Select one of listed reports and investigate it.

Your group should deliver a presentation and a written report till 99/11/12.

Step	Due Date
Topic selection	
Primitive Presentation	
Presentation	
Submit project report	

**Teaching Assistants:**

There are weekly TA sessions and TAs will go over the previous problem set in addition to some additional helpful problems. Attending these sessions is extremely recommended; otherwise you may lose lots of concepts and technical skills since they're complementary to the class materials. Additionally, the TAs are holding weekly office hours to answer your questions. Please try to take advantage of these hours to resolve any problems you might have with the materials or homework.

**Communication:**

The materials and announcements will be uploaded on the course website. Also, we email you the important announcements. Please, frequently check them.

## Course Schedule:

Session	Date	Subjects	Details	References			PS + Q
				M	MT	CS	
1	99/6/29		Why Study Banking, and Financial Markets?	1	1	1	
2	99/6/31		Why Study Money and Financial Policies?	1	1	1	PS01
		Introduction					
3	99/7/5		Financial Markets and Instruments	2	2&3	3	
4	99/7/7	Financial System	Financial Intermediaries	2	2&3	3	PS02
5	99/7/12		Functions of Money	3		2	Q1
6	99/7/14	Money	Measuring Money & Money Aggregates	3		2	PS03
7	99/7/19		Measuring Interest Rates	4		4&6	
8	99/7/21	Interest Rates	Interest Rate & Returns	4		4 & 6	
-	99/7/26		Holiday				
9	99/7/28		Bond Market & Interest Rates	5		6&7	PS04
10	99/8/3	Behavior of Interest	Changes in Equilibrium Interest Rates	5		6&7	
11	99/8/5		Financial Structure Analysis	8		11	PS05
12	99/8/10	Financial Structure	Asymmetric Information	8		11	
13	99/8/12	Management of Financial Institutions	Balance Sheets	9		12	PS06
14	99/8/17		Risk Management	9	12	12	Q2
15	99/8/19		Bank Run Model				
16	99/8/24	Bank Run	Bank Run Model				
17	99/8/26		Rationale for Financial Regulations	10	11	14	Midterm
18	99/9/1	Financial Regulations	Types of Financial Regulations	10	11	14	
19	99/9/3		Financial Innovations	11			

<b>20</b>	99/9/8	<b>Banking Industry Structure</b>	Separation of Banking & other Services	11	Q3
<b>21</b>	99/9/10	Financial Crises in Advanced Economies	Dynamics of Financial Crises	12	PS07
<b>22</b>	99/9/15		Stabilizing the Financial System	12	
<b>23</b>	99/9/17		Dynamics of Financial Crises	13	PS08
<b>24</b>	99/9/22	Financial Crises in Emerging Economies	Preventing Emerging Market Financial Crises	13	
<b>25</b>	99/9/24	Central Banking			PS09
<b>26</b>	99/9/29				Q4
<b>27</b>	99/10/1	Monetary Policy			PS10
<b>28</b>	99/10/6				
<b>29</b>	99/10/8	Iran			+ PS11
<b>30</b>	99/10/13				+