**Kuwait University**

**College of Business Administration**

**Economics Department**

Course Syllabus

ECON 240 – Money and Banking

Fall 2024/2025

# Lecture Time and Location

**Mon**. and **Wed**. 11:00 a.m. - 12:15 p.m.

# Contact Information

**Location**:Economics Department – 3rd Floor – Zone A3 – Office No.

**Email:**

**Office Hours**: Mon. and Wed.: 12:30 p.m. - 2:00 p.m. or by appointment

# Teaching Assistant

**Name**:

**Location**:Economics Department – 3rd Floor – Zone A – Office No:

**Email:**

**Office Hours**:

**Tutorial**:

# Course Description

This is an introductory course on the basic concepts of money, banking, financial institutions, and financial markets. The course enables students to understand the main functions of money, banking, and financial markets and their respective roles in economic activity. The course also focuses on monetary policy tools and their role in regulating the work of banks and other financial institutions. It also deals with the role of interest and exchange rates, as well as the determinants of money supply, and theories of demand for money.

# Prerequisites

ECON 111 (Principles of Macroeconomics)

# Course Learning Objectives (CLOs)

Upon successful completion of the course, students will be able to:

1. Describe the development and functions of money as well as differentiate between different measures of money.
2. Distinguish between the different types of financial markets, institutions and instruments.
3. Analyze the problems of asymmetric information, adverse selection and moral Hazard in financial markets and ways to reduce their scale and effect.
4. Describe the operational mechanism of banking institutions, their asset and liability management, their balance sheet, and their relationship with the monetary authority.
5. Recognize the importance of monetary policy, the goals and targets of central banks, the use of different monetary tools, and their impacts on the money supply.
6. Describe the function of foreign exchange markets as well as exchange rate policies and their impact on foreign trade and economic growth.

# CLO Mapping to CBA Skill Based Competency Goals[[1]](#footnote-2)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| CLO | Competency Goal | | | | |
| Analytical | Communication | Information Technology | Business Ethics |
| 1 | R |  |  |  |
| 2 | I |  |  |  |
| 3 |  |  |  | I |
| 4 | R |  |  |  |
| 5 | R |  |  |  |
| 6 | I |  |  |  |

# Type of Emphases:

* **(I)ntroduce:** Students will be introduced to the skill and their grasp of it assessed in the course.
* **(A)pply:** The course will not cover the skill. Students should have a high-level grasp of the skill and are required to apply it in the course.
* **(R)einforce:** Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

# Required Material

**Textbook**: Mishkin, Frederic S., *The Economics of Money, Banking, and Financial Markets,* Global Edition (11th edition or later), Pearson.

**Additional Material**: Lecture slides are available on (MS Teams)

**E-Learning System**: MS Teams and Moodle

**Course Website** :

# Course Requirements

* **Homework:** There will be a number of homework. Some of the end chapter’s exercises will be solved at class. But you will be required to solve the rest of them.
* One HW will be targeting your ***analytical skill*** in this class. This HW will be distributed in the class and it will address the global financial crisis of 2007–2008 which led to a dramatic crash in the mortgage market. Especially, we have to address the role of banks. In this HW, we have to explain what have led to this global financial crisi[s?](https://www.researchgate.net/post/What_could_lead_to_another_global_financial_crisis) What are the main consequences of it? And how could we avoid similar crises in the future.
* **In-Class Tests:** There are total 6 in-class tests. These tests are scheduled on the due dates of the respective assignments and should be on the exact same material.
* **Participation:** The quality of our classroom discussions in large part depends on you and your preparation for class. Participation should include, among other things, (1) presenting case facts, (2) defining the problem, (3) exploring different alternatives, (4) persuasive, thoughtful, integrated analysis supported by the data given in the case, (5) Implementation plan for proposed actions. "Air time" is not nearly as important as meaningful analysis and recommendations supported by data. Remember, for most of these cases, there is no right or wrong answer.
* **Class Preparation – Readings, Videos, and Online Quizzes:** It is very important that students are prepared for each class period. For each class there will be a required reading (case or chapter course pack) or video. To ensure comprehension, a short, 15-minute quiz on the reading or video will need to be completed on **Blackboard** prior to **9:00 AM** **each class day**.
* **Class Preparation:** It is very important that students are prepared for each class period. For each class there will be a required reading (case or chapter course pack).
* **Writing Style:** Students must refer to MLA writing style for their assignments and report writing. Refer to the English Language Center for help.

# Course Policies

* **Attendance and Participation:** Every student in this course must abide by the Kuwait University Policy on Attendance (published in the Student Guide, Chapter 3, Section 13). A copy of the student guide can be accessed online on:

http://www.kuniv.edu/cs/groups/ku/documents/ku\_content/kuw055940.pdf

* **Cheating and Plagiarism:** Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3, Section 2). A copy of the student guide can be accessed online on:

http://www.kuniv.edu/cs/groups/ku/documents/ku\_content/kuw055940.pdf

Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable. If you have any questions about what constitutes “unauthorized assistance” please email me before the deliverable is submitted.

# Grading

The scores in this course will be the weighted average of the following items:

|  |  |
| --- | --- |
| Weight | Description |
| 25 | First |
| 25 | Second |
| 5 | Participations and assignments |
| 45 | Final |
|  |  |
| 100% | TOTAL |

# Grade Distribution

|  |  |
| --- | --- |
| Grade | Range |
| A | ≥ 95 |
| A- | ≥ 90 and < 95 |
| B+ | ≥ 87 and < 90 |
| B | ≥ 83 and < 87 |
| B- | ≥ 80 and < 83 |
| C+ | ≥ 77 and < 80 |
| C | ≥ 73 and < 77 |
| C- | ≥ 70 and < 73 |
| D+ | ≥ 65 and < 70 |
| D | ≥ 60 and < 65 |
| F | < 60 |

# Course Outline

|  |  |  |  |
| --- | --- | --- | --- |
| **Title** | **Topics** | **Chapter** | **Weeks** |
| Why Study Money, Banking, and Financial Markets? | All topics in the chapter | 1 | 1 |
| An Overview of the Financial System | All topics in the chapter | 2 | 2 |
| What Is Money? | All topics in the chapter | 3 | 3 |
| The Meaning of Interest Rates | All topics in the chapter | 4 | 4—5 |
| Banking and the Management of Financial Institutions | All topics in the chapter | 9 | 5—6 |
| The Money Supply Process | All topics in the chapter | 15 | 7 |
| Tools of Monetary Policy | All topics in the chapter | 16 | 8—9 |
| The Conduct of Monetary Policy: Strategy and Tactics | All topics in the chapter | 17 | 9—10 |
| The Foreign Exchange Market | All topics in the chapter | 18 | 11 |
| Quantity Theory, Inflation, and the Demand for Money | All topics in the chapter | 20 | 12 |
| Monetary Policy Theory | All topics in the chapter | 24 | 13 |

# Important Dates

|  |  |
| --- | --- |
| Date | Event |
| Oct. 26th, 2024 | Last day to drop the course |
| Dec. 23rd, 2024 | Last day of classes |
| Oct. 29th, 2024 / 5:00 p.m. | First exam |
| Nov. 19th, 2024 / 5:00 p.m. | Second exam |
| Jan 4th, 2025 / 2:00 p.m. | Final Exam |

# CBA Competency Goals

1. **Analytical Competency:** A CBA graduate will be able to use analytical skills to solve business problems and make a well-supported business decision.

**Student Learning Objectives:**

* 1. Use appropriate analytical techniques to solve a given business problem.
  2. Critically evaluate multiple solutions to a business problem.
  3. Make well-supported business decisions.

1. **Communication Competency:** A CBA graduate will be able to communicate effectively in a wide variety of business settings.

**Student Learning Objectives:**

* 1. Deliver clear, concise, and audience-centered presentations.
  2. Write clear, concise, and audience-centered business documents.

1. **Information Technology Competency:** A CBA graduate will be able to utilize Information Technology for the completion of business tasks.

**Student Learning Objectives:**

* 1. Use data-processing tools to analyze or solve business problems.

1. **Ethical Competency:** A CBA graduate will be able to recognize ethical issues present in business environment, analyze the tradeoffs between different ethical perspectives, and make a well-supported ethical decision.

**Student Learning Objectives:**

* 1. Identify the ethical dimensions of a business decision.
  2. Recognize and analyze the tradeoffs created by application of competing ethical perspectives.
  3. Formulate and defend a well-supported recommendation for the resolution of an ethical issue.

1. **General Business Knowledge:** A CBA graduate will be able to demonstrate a basic understanding of the main business disciplines’ concepts and theories.

**Student Learning Objectives:**

* 1. Acquire a fundamental understanding of knowledge from the main business disciplines (e.g. finance, accounting, marketing, and management information systems, among others).

1. CBA Competency Goals can be found at the end of this document [↑](#footnote-ref-2)