



Fall 2019 - Money and Banking ECON-UA9231 Wednesday 9:00am-11:45am Aula Giardino

Class Description:

Prerequisites: ECON-UA 1 (Economic Principles) or ECON-UA 5 (Introduction to Economic Analysis)

This course is projected to help students understand the connections between money, financial markets, the banking sector and the macroeconomy. In particular, how interest rates are determined and behave? How does the Federal Reserve (and central banks in general) conduct monetary policy? How does the financial crisis occur and why? The course dedicates specific attention to the banking sector with an emphasis on their function, position and importance in financial markets as well as a role in the recent financial crisis. Topics will include the role of the Federal Reserve as a lender of last resort during the recent, and previous, financial crises, unconventional monetary policy tools such as quantitative easing and forward guidance. We discuss new developments in payment and clearing including cryptocurrencies. We will often begin class with a discussion of current macro-financial market events in the context of our course coverage.

Instructor Details:

Name: Lilit Popoyan

NYUGlobal Home Email Address: lilit.popoyan@nyu.edu

Office Hours: Wednesdays 12:00 am to 1 pm. If fixed time for office hours turns out to be inconvenient for a student; send an email and I will set up an appointment.

Villa Ulivi Office Location: 3rd floor of Villa Ulivi or cafe on the ground floor

Villa Ulivi Phone Number: +39 055 5007 300

Desired Outcomes:

On completion of this course, students should:

- Have improved their mastery of economic and business related concepts;
- Have performed graphical and quantitative treatment of the theories

- Have made relevant connections between theory and real world examples, through references to media material, readings or case studies
- Find an increased interest to read economic and business related materials in the media.

Assessment Components*

- Attendance and Participation: 10%
- Classroom quizzes (four): 10%
- Written Assignments (four problem sets): 20%
- Midterm Exam: 30%
- Final Exam: 30%

*Failure to submit or fulfill any required course component results in failure of the class.”

Assessment Expectations:

- **Grade A:** The student makes excellent use of empirical and theoretical material and offers structured arguments in his/her work. The student writes comprehensive essays/exam questions and his/her work shows strong evidence of critical thought and extensive reading.
- **Grade B:** The candidate shows a good understanding of the problem and has demonstrated the ability to formulate and execute a coherent research strategy
- **Grade C:** The work is acceptable and shows a basic grasp of the research problem. However, the work fails to organize findings coherently and is in need of improvement
- **Grade D:** The work passes because some relevant points are made. However, there may be a problem of poor definition, lack of critical awareness, poor research
- **Grade F:** The work shows that the research problem is not understood; there is little or no critical awareness and the research is clearly negligible
- *Please note, Stern Business courses will adhere to the Stern Grading

Grading Guidelines

Required Grading Language for Core Courses

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have adopted a grading guideline for core courses with enrollments of more than 25 students in which approximately 35% of students will receive an “A” or “A-“ grade. In core classes of less than 25 students, the instructor is at liberty to give whatever grades they think the students deserve, while maintaining rigorous academic standards.

Grade conversion:

A=94-100

A-=90-93

B+=87-89

B=84-86

B-=80-83

C+=77-79

C=74-76

C-=70-73

D+=67-69

D=65-66

F=below 65

Grading Policy:

Please refer to Assessment Expectations and the policy on late submission of work

Academic Accommodations:

Academic accommodations are available for students with documented disabilities. Please contact the Moses Center for Students with Disabilities at 212-998-4980 or see the [Moses Center](#) for further information.

Students with disabilities who believe that they may need accommodations in a class are encouraged to contact the Moses Center for Students with Disabilities at (212) 998-4980 as soon as possible to better ensure that such accommodations are implemented in a timely fashion. For more information, see [Study Away and Disability](#).

Attendance Policy:

Study abroad at Global Academic Centers is an academically intensive and immersive experience, in which students from a wide range of backgrounds exchange ideas in discussion-based seminars. Learning in such an environment depends on the active participation of all students. And since classes typically meet once or twice a week, even a single absence can cause a student to miss a significant portion of a course. **To ensure the integrity of this academic experience, class attendance at the centers is mandatory, and unexcused absences will be penalized with a two percent deduction from the student's final course grade.** Students are responsible for making up any work missed due to absence. Repeated absences in a course may result in failure.

For courses that meet once a week, one unexcused absence will be penalized by a two percent deduction from the student's final course grade. For courses that meet two or more times a week, the same penalty will apply to the number of class times over a single week

Excused Absences:

In case of absence, regardless of the reason, the student is responsible for completing missed assignments, getting notes and making up missed work in a timely manner based upon a schedule

that is mutually agreed upon between the faculty member and the student. **The only excused absences are those approved by the Office of Academic Support; they are as follows:**

Absence Due to Illness

- If you are sick, please see a doctor. Contact the Office of Student Life for assistance.
- For absences that last for **two or more consecutive days, a [doctor's certificate](#), ["certificato medico"](#) is required.** The doctor will indicate in writing the number of days of bed rest required. Please note **[these certificates can only be obtained on the day you see the doctor](#)** and cannot be written for you afterwards.
- Absences can ONLY be excused if they are reported WITHIN 48 HRS of your return to class via the online [NYU Florence Absence Form](#)
- OAS will not accept a student email or telephone call regarding an absence due to illness
- OAS will only notify faculty of absences REPORTED on the ABSENCE FORM
- The Office of Student Life, when assisting you in cases of severe or extended illness, will coordinate with the Office of Academic Support to properly record your absences

Due to Religious Observance

- Students observing a religious holiday during regularly scheduled class time are entitled to miss class without any penalty to their grade. This is for the holiday only and does not include the days of travel that may come before and/or after the holiday
- Information regarding absences due to religious observance must be provided at least SEVEN DAYS PRIOR to the date(s) in question using the online [NYU Florence Absence Form](#)
- Please note that no excused absences for reasons other than illness can be applied retroactively.

Due to a class conflict with a program sponsored lecture, event, or activity

- All students are entitled to miss one class period without any penalty to their grade in order to attend a lecture, event or activity that is sponsored by La Pietra Dialogues, Acton Miscellany or the Graduate Lecture series.
- Information regarding absences due to a class conflict must be provided at least SEVEN DAYS PRIOR to the date(s) in question using the online [NYU Florence Absence Form](#)
- Please note that no excused absences for reasons other than illness can be applied retroactively.

Students with questions or needing clarification about this policy are instructed to contact a member of the Office of Academic Support located in Villa Ulivi or to email florence.academicssupport@nyu.edu

Late Submission of Work

- All course work must be submitted on time, in class on the date specified on the syllabus.
- To request an extension on a deadline for an assignment, students must speak to the professor one week prior to the due date
- To receive an incomplete for a course at the end of the semester, two weeks before final exams, both the student and the faculty member must meet with the Assistant Director of Academic Affairs to review the request and if granted, they must both sign an Incomplete Contract detailing the terms for completing missing coursework.

Plagiarism Policy

PLAGIARISM WILL NOT BE TOLERATED IN ANY FORM:

The presentation of another person's words, ideas, judgment, images or data as though they were your own, whether intentionally or unintentionally, constitutes an act of plagiarism.

In the event of suspected or confirmed cases of plagiarism, the faculty member will consult first with the Assistant Director for Academic Affairs as definitions and procedures vary from school to school.

Writing Center:

The Writing Center, located in Villa Ulivi, offers you feedback on any type of writing, at any stage in planning or drafting. Sign up for a consultation at the [Writing Center's website](#) and submit your working draft or ideas a day in advance to [NYU Florence Writing Center](#). Drop in for a consultation M-Th, but remember that appointments are given priority. Be assured that very rough drafts are welcome. Please note that we do not correct or "fix" your writing; instead we prompt you to think and work. Our aim is to create stronger writers in the long term, not necessarily perfect papers in the short term

Required Text(s):

Frederic S. Mishkin, **The Economics of Money, Banking, and Financial Markets**, Pearson, Twelfth Edition, 2019. **Please note that previous editions differ for content, for page numbering and for problem numbering. No excuses given for having made reference to a previous book edition.**

Copies of each textbook are available for consultation and short term loans in the [Villa Ulivi Library](#). Extra copies of some textbooks are also available for semester long loans. For more information please consult [Books and Course Materials](#).

Supplemental Texts(s):

- Selected readings from [The Economist](#) and [Financial Times](#).
- Web page for the course on Newclasses (under Resources) where announcements for supplementary required readings will be posted.

Texts that students are not required to are in NYU-FL Library or available on line

Internet Research Guidelines:

The careful use of internet resources is encouraged and a list of recommended websites will be given. Failure to cite internet and other non-traditional media sources in your written work constitutes plagiarism.

Additional Required Equipment:

A pocket calculator (no calculator or smartphone) is required in each class. Smartphones not allowed for exams.

Class Assignments and Topics:

Session 1 – September 4

Topic: (1) *The importance to study Money, Banking, and Financial Markets;* (2) *An Overview of the Financial System and its participants*

Reading: *Chapter 1, Chapter 2 + supplementary material*

Session 2- September 11

Topic: (1) *What is money;* (2) *The meaning and measurement of interest rates.*

Reading: *Chapter 3, Chapter 4*

Assignments: **Problem Set 1** (takehome) based on Chapters 1,2,3 and 4 – due September 18

Session 3 - September 18

Topic: (1) *The formation (supply and demand mechanism) and behavior of interest rates*

Reading: *Chapter 5*

Session 4 – September 25

Topic: (1) *The Risk and Term Structure of Interest Rates;* (2) *The stock market, the theory of rational expectations, and efficient market hypothesis*

Reading: *Chapter 6, Chapter 7*

Assignment in Classroom (20min): **Quiz N1** based on material in Chapters 1,2,3 and 4 + *supplementary material*

Session 5 – October 2

Topic: Bank as a significant participant of the financial market and its management

Chapter 9 + supplementary material

Assignments: **Problem Set 2** (takehome) based on Chapter 5, 6 , 7 and 9 – due October 9

Session 6 – October 9

Topic: *Banks and financial regulations: the path of evolution*

Why do banks need to be regulated? Main bank regulatory frameworks (Basel III, Dodd-Frank)

Reading: *Chapter 10 + supplementary material*

Session 7 – October 16

Topic: *Buffer and review Session*

Assignment in Classroom (20min): **Quiz N2** based on Chapters 5, 6,7, 9 and 10 + supplementary material

Session 8 - October 23

MIDTERM EXAM based on Chapters 1 -7 , 9, 10 and Supplementary material (bring pocket calculator)

Session 9 – November 6

Topic: *Financial crisis in advanced economies: first warning indicators, phases, and dynamics*

Reading: *Chapter 12*

Session 10 – November 13

Topic: (1) *Central banks: a global perspective*; (2) *The money supply process*

Reading: *Chapter 14, 15*

Assignment: **Problem Set 3** (takehome) based on Chapters 10, 12, 14, 15 and supplementary material – due November 20

Session 11 – November 20

Topic: (1) *Tools of Monetary policy*; (2) *The Conduct of Monetary Policy (Strategy, Tactics)*

Reading: *Chapter 16, Chapter 17*

Assignment in Classroom (20min): **Quiz N3** based on material in Chapters 12, 14, and 15

Session 12 – November 27

Topic: *The foreign exchange market, the formation of the exchange rate (demand and supply of assets)*

Reading: *Chapter 18*

Assignment: **Problem Set 4** (takehome) based on Chapters 16,17, and 18 – due December 4

Session 13 – December 4

Topic: *Buffer and review Session*

Assignment in Classroom (20min): **Quiz N4** based on material in Chapters 16, 17, and 18

Session 14 – December 11

FINAL EXAM based on Chapters 12, 14-18 (bring pocket calculator)

Classroom Etiquette

- Eating is not permitted in the classrooms. Bottled water is permitted.
- Cell phones should be turned off during class time.
- The use of personal laptops and other electronic handheld devices are prohibited in the classroom unless otherwise specified by the professor.
- We recycle! So keep it green! Please dispose of trash in the clearly marked recycle bins located throughout the on campus buildings

Suggested Co-curricular Activities

Suggested optional co-curricular activities will be announced in class and/or via email by the professor throughout the semester.

Your Instructor

Lilit Popoyan is an assistant professor at the University of Naples “Partenope” and an associate researcher at Scuola Superiore Sant’Anna (Pisa, Italy). Previously she was a research fellow at the Institute of Economics, Scuola Superiore Sant’Anna (Pisa, Italy) and visiting researcher at Goldsmiths, University of London. Her research is mainly focused on a nexus between financial regulations, financial stability, sustainable finance, and macroeconomic dynamics. Lilit holds a Ph.D. in Economics from the Scuola Superiore Sant’Anna (Italy). She got her Master’s degree in Banking and Finance from University of Pisa (Italy) and both Bachelor (in Economics) and Master’s (in Banking) from Yerevan State University (Yerevan, Armenia). Her previous work experience includes policy-relevant research in Central Bank of Armenia and financial analyses in Credit Agricole Bank. A part of her current research activity is in straight collaboration with central banks. Her research has contributed to such European research projects as DOLFINS, ISIGrowth and was published international peer-reviewed scientific journals.