

UNIVERSITY OF NEW YORK / TIRANA (UNYT)
DEPARTMENT OF ECONOMICS AND BUSINESS
ECO-781194R: MONEY AND BANKING
Fall 2007

Instructor: Arjan Kadareja, PhD
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Office hours: by appointment

Class Schedule: Mondays and Fridays, 17:00 – 19:00

Required Text:

Frederic S. Mishkin, “The Economics of Money, Banking and Financial Markets”, Seventh Edition (Addison Wesley, 2004)

Prerequisite Courses:

Macro (BS in Economics and BS in Finance); Macro and senior status (BS in Business administration)

Course Description:

This course presents the conceptual framework for understanding theories of money and banking, especially as they concern the changing aspects of modern society. Students develop a better understanding of the theoretical, institutional, historical, and empirical considerations of money and banking. They also gain an insight into the relationship between the US government’s changing fiscal and monetary policies (especially the role of the Federal Reserve System) and the economy and how that relationship affects economic and business decisions.

Course Policies:

Please refer to the University of New York / Tirana Bulletin, pages 26-31

Evaluation:

There will be three exams, one final and the rest midterm. The final exam will represent 30% of the total course evaluation, the other two 20% each. There will also be three homework assignments; each may represent 10% of the total course evaluation.

Multiple choice, true/false, and essay will be typical exam questions.

The following grade scale will be used,

Grade	Percentage	Grade	Percentage	Grade	Percentage
A	96 – 100	B ⁻	80 – 82	D ⁺	67 – 69
A ⁻	90 – 95	C ⁺	77 – 79	D	63 – 66
B ⁺	87 – 89	C	73 – 76	D ⁻	60 – 62
B	83 – 86	C ⁻	70 – 72	F	0 – 59

Class Schedule

Weeks	Topics	Book Chapters
I	Introduction	1,2,3
II	The interest rates (understanding and behavior)	4,5
III	The interest rates (risk and term structure)	6
IV	The stock market, rational expectations, efficient market hypothesis, financial structure I	7,8
V	Financial structure II, review for the midterm exam I	1-8
VI	Banking, banking industry and its management	9,10
VII	Economic analysis of banking regulation, structure of central banks and the Fed	11, 14
VIII	Money supply process and its determinants	15, 16
IX	Monetary policy: tools	17
X	Monetary policy: goals and targets; review for the midterm exam II	18, 9-11, 14-17
XI	Foreign exchange market and the international financial system	19, 20
XII	Demand for money and the ISLM model	22, 23
XIII	ISLM model and economic policies	24
XIV	Aggregate demand and supply analysis and the transmission mechanisms of monetary policy	25, 26
XV	Review for the final exam	1-11, 14-20, 22-26

The first midterm exam will be immediately after the fifth week of class, the second one after the tenth week, and the final exam will be held after the last week. The homework assignments will be handed out between the exams in the chronological order.