

Finance 312
Money, Banking, and Financial Markets
Fall 2014 Syllabus

Instructor: Ronald Schmidt, CMA, CFM

Class Time: Online

Office Hours: By appointment

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Required Text/ Material:

- Financial Markets and Institutions, 8th edition., Fredric Mishkin and Stanley Eakins. Pearson Addison Wesley. 2012 (ISBN-13: 978-0-13-342362-4)
- Financial Calculator: Texas Instruments BA II or comparable.

Recommended (not required):

Study Guide for Financial Markets & Institutions, 7th (William Gerken)
ISBN-13: 9780132136921

Course Description:

This course covers the nature and evaluation of money and its role in determining the overall level of economic activity. It also examines the role of banking, central banking, and monetary policy as they apply to financial instruments and institutions in the context of global financial markets.

This course is, in some respects, a cross between traditional “money and banking” and “money and capital markets.” It differs, however, in its general approach to the topics covered. The approach of the course is highly applications-oriented. The purpose of this approach is to introduce the student to real-world issues and problems that participants in financial markets regularly encounter. Additionally, in that money and capital markets are rapidly becoming truly “globalized,” international perspectives are fully integrated into the material. Finally, because financial markets continue to innovate and evolve, the nature of, and forces driving, such innovation is spotlighted.

What to Expect from a Summer Online Class (please note well)

There are two factors that you should consider carefully before you start this course. First, you should keep in mind that summer sessions are compressed and go very fast. That means that it is critical that you read materials as assigned, and work end of chapter problems as you go. A person who hopes to do well in a summer class cannot afford to fall behind. Second, online classes are different from face-to-face classes. Online education requires that the student be much more self directed and work independently. In an online course, the student accepts responsibility for learning outcomes. The instructor’s role is more of a facilitator and overseer – as opposed to lecturer/presenter. Both of these factors means that the student who takes such a class must be more disciplined than is normally the case with a Fall or Spring semester face-to-

face class. *If you do not have sufficient time to devote to the class each week, and/or if you are not comfortable with this type of setting, you probably should rethink taking this class in a summer, online format.*

Office Hours: Upon request (which may be by email or phone – but must be at least 12 hours in advanced). You may email me with questions concerning materials (not addressed in Webinars) and I will respond as promptly as practical. Please allow me up to 24 hours (during the week – not counting weekends) to reply. If you have not received a response within that time frame, please resend the email or call the office.

Course Objectives:

- Provide the student with an analytical framework that will enable one to understand, interact with, and operate in financial markets and institutions
- Introduce the student to real-world issues and problems of participants in financial markets.
- Familiarize the student with the role of the central bank in terms of the formulation and implementation of monetary policy.

Keep in mind that Finance 312 is an upper-level finance course, and the performance requirements will be commensurate with the same. Chapters and other reading materials will be assigned and you are expected to read them when or before they are assigned. You will have an opportunity to ask questions and interact during the class, but this will require you to be current with your reading and studies.

Course Grades: There will be four exams counting 60% toward the final grade. There will also be one quiz per chapter counting 30% toward your final grade, with the remainder earned via discussion participation.

Grading scale:

89.5-100	A
79.5-89.4	B
69.5-79.4	C
59.5-69.4	D
Below 59.4	F

Note: “Need” is not a factor in determining course grades, so please do not call or email me telling me how much you need to make a certain grade. Grades are to be earned, not gifted. If a certain grade in this course is critical to you, you might find it worthwhile to reread the paragraph above relative to the nature of a summer online course, and read and heed the material below under the heading “Hints for Making a Good Grade in this Course.”

Tentative Schedule of Assignments and Exams:

Week	Chapter	Homework
1	1 – Why Study Financial Markets and Institutions?	None
2	2 – Overview of the Financial Systems	TBA
3	3 – What do interest rates mean and what is their role in valuation?	TBA
4	Exam 1 – Chapters 1, 2 & 3; 4 – Why do Interest Rates Change?	TBA
5	5 – How do Risk and Term Structure Affect Interest Rates?	TBA
6	6 – Are Financial Markets Efficient?	TBA
7	Exam 2 – Chapters 4, 5 & 6	TBA
8	9 – Central Banks and the Federal Reserve System	TBA
9	10 – Conduct of Monetary Policy: Tools, Goals, Strategy, and Tactics	TBA
10	11 – The Money Markets	TBA
11	Exam 3 – Chapters 9, 10 & 11	TBA
12	12 – The Bond Market	TBA
13	13 – The Stock Market	TBA
14	15 – The Foreign Exchange Market	TBA
15	20 – The Mutual Fund Industry	TBA
16	Exam 4 – Chapters 12, 13, 15 & 20	TBA

Exams:

All exams are in multiple-choice format and will be submitted through the eCollege online course. You access the exams online and answer the questions. Remember you must hit “submit” for your selections to be saved. If you don’t hit “submit,” no answers will be evaluated. You will be responsible for information from class discussion and required readings/assignments. ***No makeup exams will be given unless for a university excused absence.*** For an excused absence, the makeup exam will be administered prior to the scheduled exam. If you need to miss an exam for an excused absence, please let me know in advance so we can make arrangements. The exams are designed for speed and accuracy. No student will be given an opportunity to make up for an inadequate performance on an exam and make-up exams will be given only for excused absences.

Make-up Exams:

Students who miss an exam with an excused absence will be eligible for a make-up exam. All make-up exams will be administered during the week immediately preceding finals. Make up exams will normally be problems/short-answer/essay questions in format.

Attendance/ Participation:

Participation is required. Keep in mind that anything discussed in class may be included on an exam or assignment. **Given the difficulty of this material, you will NOT pass this class without regular reading (prior to class), class participation.**

Tips for making a good grade in this course:

1. **Attend class regularly** – There tends to be a high positive correlation between class attendance and course grade.
2. **Read materials when assigned** – Lectures and class exercises make more sense if you come to class prepared
3. **Take good notes in class** – A good set of notes is usually a good roadmap for preparing for exams
4. **Use the end of chapter questions** – These questions will let you know if you are getting from your reading what you should. That way you will get fewer surprise exam results.
5. **Take advantage of all extra credit opportunities** – Virtually every semester a student who has not taken advantage of a single extra credit opportunity will come by my office or email me – right before the end of the term – asking if there is anything “extra” that they can do to pass the course or get a “C” in the course.
6. **Take exams on scheduled exam date** – Students rarely do as well on make-up exams as they do on exams taken at the regularly scheduled time.
7. **When you don’t understand material, ask questions** – either in class, by email, phone, or come by the office. To come by my office after failing two or three exams and/ or when there are only a few days left in the semester is a waste of your time and mine. **As soon as you realize that you are having problems in the course, contact me then.**

Broad Course Objectives and Expectations

Relative to financial markets in general – Students should understand the function and nature of financial markets, the characteristics of money market versus capital markets, primary versus secondary markets, debt versus equity markets, characteristics of financial instruments traded in the various financial markets, recognize the major participants in the various financial markets, be able to calculate/estimate the yield on various financial instruments given the information required to accomplish same, understand the significance of determining appropriate discount rates.

Relative to interest rates – Students should understand the nature and function of interest rates, the relationship between risk and interest rates, distinction between real and nominal rates, distinction between interest rates and returns, be familiar with the concept of term structure, and understand the market determination of interest rates and factors affecting their movement over time

Relative to monetary policy – Students should understand the formulation, implementation and general impact of basic monetary policy measures; understand the nature and function of central

banks in general, and be familiar with the powers, duties and functions of the Federal Reserve in particular, as well as its structure and governance.

Relative to financial institutions – Students should understand why financial institutions exist, the significant forces favoring the development and use of indirect versus direct finance, why financial crises occur and how and why they affect the broader economy, the significance of asymmetric information in financial markets, and the challenges involved in attempting to improve the function of financial institutions through regulation.

Relative to currency exchange rates and the international financial system – Students should understand the nature, significance and determination of currency exchange rates and theoretical underpinning of same, factors that affect exchange rates in the short run and long run, be familiar with the history and impact of common currency unions, understand the appeal of and mechanisms employed in foreign exchange interventions by governments, and the relative advantages and disadvantages of fixed versus freely fluctuating exchange rates.

Academic Integrity/ Plagiarism:

All academic work must meet the standards contained in A Culture of Honesty: Policies and Procedures on Academic Honesty. Students are responsible for informing themselves about those standards and for observing the University Honor Code. Plagiarism occurs when a student submits work that is not his/her own. This includes copying from printed materials, websites, or from other people. All students are expected to turn in work that has been completed individually, unless otherwise informed by the instructor. Any assignment containing plagiarized material will automatically be graded as zero. The instructor will use the available technology at hand to determine if you have or appeared to have cheated. You are required to access all data and lectures available to you during the semester.

Interaction with Instructor Statement:

I attempt to respond to emails and discussion postings within 24 hours during the weekdays, and within 24-48 hours on the weekends. You may contact me via email at ronald.schmidt@tamuc.edu.

Access and Navigation:

This course will be facilitated using eCollege, the Learning Management System used by Texas A&M University-Commerce. To get started with the course, go to: <https://leo.tamuc.edu/login.aspx>. In the event the myLEO portal is ever inaccessible and you need to login to eCollege, you should also bookmark the direct URL for eCollege: <http://online.tamuc.org/>

You will need your CWID and password to log in to the course. If you do not know your CWID or have forgotten your password, contact Technology Services at 903.468.6000 or helpdesk@tamuc.edu.

To participate in the online course environment, login to eCollege and follow the instructions provided for each week of the course. Instructions, project guidelines, and relevant resources will be provided as needed throughout the course. The Virtual Classroom should be monitored and contributed to regularly (3 days per week minimum). Special announcements or instructions may also be placed in the announcements area or sent directly to your leo email, which should be monitored regularly throughout your enrollment at TAMU-C.

Technology Requirements:

General Technology Requirements

This is an online course; thus, access to a modern computer with a reliable, high-speed, Internet connection is required. You must also have sufficient administrative authority on your computer to download, install, and run the necessary software applications.

Your courses will work with a PC with recent OS versions or Macintosh OS X. Supported browsers include recent releases of Firefox, Aurora, Internet Explorer, Safari, or Chrome.

It is strongly recommended that you perform a “Browser Test” prior to the start of any on-line course. To launch a browser test, login in to eCollege, click on the ”myCourses” tab, and then select the “Browser Test” link under Support Services.

Course-specific Software

Students may make use of the following software applications to complete course assignments: MS Office Suite (Word, Excel, & PowerPoint)

Student Support:

Texas A&M University – Commerce provides students technical support in the use of eCollege. The student help desk may be reached by the following means 24/7.

- Chat Support: Click on “Live Support” on the tool bar within your course to chat with an eCollege Representative
- Phone: 1-866-656-5511 (Toll Free) to speak with eCollege Technical Support Representative.
- Email: helpdesk@onlin.tamuc.org to initiate a support request with eCollege Technical Support Representative
- Help: Click on the “help” button on the toolbar for information regarding working with eCollege (e.g. How to access the exam, how to post discussions...)

Course and University Policies:

Student consideration:

- Students are required to use leo.tamuc.edu email address for email communication.
- Please email me at ronald.schmidt@tamuc.edu, if you have questions, comments, or concerns.
- Cheating on exams or plagiarizing assignments will absolutely not be tolerated. You must read the TAMU-Commerce Academic Honesty Policy posted in the first week. Continuing in the class is an implicit agreement to abide by the terms of the Honesty Policy. If you are caught cheating in the class, you and anyone else involved will receive

an F as a grade for this course. Depending on the severity of the offense, you may be expelled from the University for Academic Dishonesty.

- The deadline for dropping a course is listed under the academic schedule.
- Refer to the Student's Guide Book located at :

www.tamu-commerce.edu/studentlife/guidebook.htm

Students with Disabilities:

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a disability requiring an accommodation, please contact:

Office of Student Disability Resources and Services
Texas A&M University – Commerce
Gee Library 132
Phone 903-886-5150 or 903-886-5835
Fax 903-4688148
StudentDisabilityServices@tamuc.edu