

## Money and Banking

ENFIN862		3 Credits
Professor	Louisa Chen	
Assistant	-	

### COURSE DESCRIPTION

This module provides a comprehensive framework for understanding modern finance. It begins with the financial system's core components: banking and the process of money creation. It then explores central banking and the implementation of monetary policy through both conventional and unconventional tools, analyzing their critical impact on the macroeconomy. The course expands to the international context, examining how global capital flows and the international financial system influence monetary policy. It concludes by exploring future developments, including the potential role of central bank digital currencies.

### I.- COURSE LEARNING OBJECTIVES

Students will gain an understanding of the role of money and banks in the broader economy. Moreover, students should command the way banks operate in the financial markets and should understand their importance for an efficient economy. Central banking and monetary policy are a vital part of the module, which is also related to recent policy responses to financial market crises.

1. Examine the core principles of banking, the regulatory framework, and the emergence of digital currencies.	
2. Critically discuss the objectives of monetary policy and the evolving role of central banks in the modern economy.	
3. Analyze the mechanisms of conventional monetary policy and the recent unconventional tools.	
4. Evaluate the drivers and economic consequences of cross-border capital flows.	

### II.- CONTENTS

Topic	Content	Mandatory Reading	Activities
1	Banking and regulations	<b>CS</b> Ch.12,14; <b>Mi</b> Ch. 9, 10,12,13	Lecture and exercises
2	Money creation and money supply	<b>CS</b> Ch.17; <b>Mi</b> Ch. 3 &15	Lecture and exercises
3	Central banking	<b>CS</b> Ch.15; <b>Mi</b> Ch.14	Lecture and exercises
4	Monetary policy: conventional vs unconventional tools	<b>CS</b> Ch.18; <b>Mi</b> Ch. 16	Lecture and exercises
5	Money, banking and the macro	<b>Cas</b> Ch.5	Lecture and exercises
6	The international financial system and monetary policy	<b>Mi</b> Ch. 19&13	Lecture and exercises
7	Global capital flows	<b>Re</b> Ch.15	Lecture and exercises
8	Central bank digital currency	<b>BB</b> Ch.1&3	Lecture and exercises

### III.- METHODOLOGY, EVALUATION AND BASIC REGULATIONS

#### 3.1.- Methodology:

Students are expected to possess a foundational understanding of finance or economics and be proficient in basic algebra.

#### 3.2.- Evaluation:

**Take-Home Exam:** This is an open-book exam. The exam will become available to download on January 18th at 9:00 AM. From that time, students will have 48 hours to complete and submit their answers on Canvas by January 20th at 9:00 AM.

#### 3.3.- Basic Regulation

- Students must have at least 75% attendance in the course to pass it.
- Classes will be on the days and times indicated by the program management.
- For each class, students must have read and studied the corresponding bibliography in advance.
- The grading of all evaluations will be done with a grade from 1 to 7.
- The professor reserves the right to add, delete or replace bibliography during the course of the program if he/she deems it appropriate for the proper progress of the subject.
- The unjustified absence of a student from a requirement will be graded 1.
- It is important to emphasize that each student must assume his or her own responsibility in completing the program, especially in relation to:
  - Be up to date on the development of the subject and the various instructions given by both the teacher and the course coordination. For example, absence from a class session does not exempt you from the academic obligations established that day.
  - Ensure faithful compliance with the dates and deadlines established for the different evaluation activities. Once set and known, they will not be modified.
  - Obtain the support material indicated for the chair when applicable.
- All works presented during the program will only have value to the extent that their author is able to explain and support them personally. Deliveries that contradict the above are not

accepted. Any medical justification corresponding to non-attendance to a requirement must be presented through the regular channels established by the University.

9. Any form of copying and/or plagiarism is penalized and if this situation is identified, the respective [disciplinary procedure](#) will be followed.

## IV.- BIBLIOGRAPHY

### Mandatory Readings

- Bilotta, N. and Botti, F. (2021). The (Near) Future of Central Bank Digital Currencies. Peter Lang International Academic Publishing Group (**BB**, Ebook, free download).
- Carlin, W. and Soskice, D. (2023), *Macroeconomics: Institutions, Instability, and the Financial System*, Oxford. (**CaS** – Ebook)
- Cecchetti, s. and Schoenholtz, K., *Money, Banking and Financial Markets*, 6<sup>th</sup> ed., McGraw-Hill, 2021. (**CS** - Ebook)
- Frederic S Mishkin (2022), *The Economics of Money, Banking and Financial Markets*, 13<sup>th</sup> edition, Pearson. (**Mi** – Ebook)
- Reinert, K.A. (2020), *An Introduction to International Economics*, 2nd edition, Cambridge. (**Re** - Ebook)

\*Syllabus subject to changes