

**FALL 2012 ECON 353**  
**Financial Institutions**

**Dr. Grace Kim**

**Office Hours:** TTH 4:30-6 p.m. officially  
& by appointment, but generally open door policy

**Office:** SSB#210B

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**Course website is at the following address:**

<http://sakai.duke.edu/portal/site/ECON353Fall2012>

**Class Time:** TTh 3:05-4:20 p.m.

**Class Location:** SSB #311

**Campus weather closures:** [www.duke.edu](http://www.duke.edu)

**Welcome to the study of financial institutions!** Will U.S. financial institutions be superseded by global financial centers elsewhere? The course offers a microeconomics analysis of U.S. financial institutions in a changing global and regulatory landscape. Thus, we will examine the financial innovation and practices of these evolving institutions in response to risk and competition. Is the U.S. prepared for a global financial crisis? The course also offers a macroeconomics analysis of the dynamic relationship between financial markets and government macro policy and the economy. Thus, we will examine the theoretical foundations and practices of U.S. central banking and financial market impacts amidst economic integration. Be prepared to actively debate these issues!

**Prerequisites:** ECON210D (formerly ECON110D) Intermediate Macroeconomics. ECON 353 is an upper-division course that serves as an elective to generally fulfill Major or Minor in Economics requirements. It is also among the elective courses for the Finance Concentration for Economics Majors and Finance Minor for others.

**Required Textbook:** *Financial Markets & Institutions*, 7<sup>th</sup> edition (2012), Prentice Hall, by Frederic Mishkin and Stanley Eakins, available at the campus bookstore. Additional readings, including case studies, will be assigned. **Textbook readings and lectures are NOT substitutes for each other.**

**Requirements:** You will be expected to generally use your Duke e-mail account and access Sakai for the course website, particularly to download reading assignments from the **RESOURCES** folder. There will be terms and definitions to memorize, but the central focus of this course will require critical thinking on your part to analyze financial institution issues and case studies. In this upper-division course you are expected to contribute actively and thoughtfully in coursework and discussions. If you must miss a class due only to official University business, formal religious observance, or personal emergencies, it is **YOUR** responsibility to obtain notes from fellow students and information and handouts from the course website.

**The Duke Community Standard:** The instructor fully supports the Duke Community Standard (DCS) of academic integrity. You are expected to be familiar with and adhere to this document, included in *The Duke Community Standard in Practice: A Guide for Undergraduates*, available online at the website <http://www.registrar.duke.edu/bulletins/communitystandard>. Academic dishonesty will result in failure for the involved work and the course.

**Course Help:** I have an open-door policy; when my office door is open, you are always welcome to my help. However, to ensure my availability and full attention, students should visit during official office hours or by appointment outside of those office hours.

**Support Services:** Students seeking accommodations for disabilities must contact the Director of the Student Disability Access Office at (919) 668-1267 or the Clinical Director of the Academic Resource Center's (ARC) Program for Learning Disabilities and ADHD at (919) 684-5917, where relevant to your situation. See the *Undergraduate Instruction Bulletin 2012-2013*, available online at the Registrar's related link <http://www.registrar.duke.edu/registrar/studentpages/student/bulletins.html> for further information. You must provide official University documentation from either of those offices to the instructor within the first two weeks of classes for any academic accommodations.

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**Exams:** There will be TWO major examinations (each worth 125 points and each worth 25% of the course grade). Although each exam only covers material since the previous exam, keep in mind that studying financial institutions is cumulative by nature. An in-class review session will be held before each exam. When official University business, formal religious observance, or personal emergencies arise, arrangements MAY be made for an ALTERNATE MIDTERM EXAM. Otherwise, you will be penalized 10 points EACH DAY after the scheduled exam date. An ALTERNATE FINAL EXAM is NOT AVAILABLE.

**Assignments:** There will be 2 major semester assignments (each worth 125 points and 25% of the course grade) due in class. LATE assignments will be penalized 10 points EACH DAY after the due date, NO EXCEPTIONS. Assignment 1 will focus on analysis of central banking and financial institutions' regulation and practices. Assignment 2 will focus on a research paper applying economic theory to a self-selected course topic issue.

**Grading:** Individual grading issues will be discussed confidentially after class or during office hours, NOT by phone. There is no absolute grading scale, with the exception that a final course average below 60% of the 500 total possible points (below 300 points) will receive a grade of "D+" or worse and below 50% (below 250 points) will receive a failing grade of "F." Otherwise, grading is curved. Improvement over the course and class participation performance will be taken into consideration for the course grade, particularly in borderline cases. The course grade determination is as follows:

EXAM 1 (MIDTERM)	125 points	25%
EXAM 2 (FINAL)	125 points	25%
ASSIGNMENT 1	125 points	25%
<u>ASSIGNMENT 2</u>	<u>125 points</u>	<u>25%</u>
TOTAL	500 points	100% of course grade

## **CLASS SCHEDULE**

<b><u>DATE</u></b>	<b><u>TOPICS</u></b>	<b><u>REFERENCE TEXTBOOK</u></b>
8/28/2012 T	<b>First day of class.</b>	CH 8
8/30,9/4 TH, T	Central Banking Role and Macro Policy	CH 9, 10 <b>ASSIGNMENT 1 given.</b>
9/6,11 TH, T	Central Banking and Global Integration	CH 15, 16
9/13,18 TH, T	Depository Institutions' Role and Management	CH 7, 17, 25
9/20,25 TH, T	Depository Institutions and Regulatory Framework	CH 18, 19
9/27,10/2 TH, T	Interest Rates Framework	CH 3, 4, 5
<b>10/4 TH</b>	<b>ASSIGNMENT 1 due in class, no late exceptions!</b>	<i>Review for MIDTERM EXAM.</i>
<b>10/9 T</b>	<b>EXAM 1 (MIDTERM EXAM)</b>	
10/11 TH	Classic Markets I	CH 11
10/16 T	<b>No class. University Fall Break.</b>	
10/18 TH	Classic Markets II	CH 14
10/23 T	Nondepository Institutions I	CH 21 <b>ASSIGNMENT 2 given.</b>
10/25,30,11/1 TH,T,TH	Nondepository Institutions II	CH 20, 26, 22
11/6,8 T,TH	Classic Markets III	CH 12
11/13,15,20 T,TH,T	Classic Markets IV	CH 13, 6
11/22 TH	<b>No class. University Thanksgiving Recess.</b>	
11/27,29 T,TH	Alternative Investments	CH 24
<b>11/29 TH</b>	<b>ASSIGNMENT 2 due in class, no late exceptions!</b>	
12/4 T	Future of Central Banking and Financial Institutions	
12/6 TH	<b>Last day of class. Review for FINAL EXAM.</b>	
<b>12/11 T</b>	<b>EXAM 2 (FINAL EXAM) 2:00-3:30 p.m. in our regular classroom.</b>	

Check ACES online for the **official final course grade**.

Note: The instructor reserves the right to make syllabus, grading, and schedule adjustments.

Note: The student is responsible for properly registering for/withdrawing from the course.

F 9/7 Last day to Drop/Add courses. (from Undergraduate Instruction Bulletin 2012-2013)

F11/9 Last day to withdraw with W from Fall 2012 classes (from Undergraduate Instruction Bulletin 2012-2013)