



Richard E. and Sandra J.  
DAUCH COLLEGE OF BUSINESS AND ECONOMICS

Undergraduate • MBA • Evening/Weekend • Gill Center

**ASHLAND UNIVERSITY**  
**CENTER FOR FINANCIAL EDUCATION**  
**ECON334: Money and Banking**  
**Spring 2010**

**ORGANIZATION:**

Instructor: Thomas W. Harvey, DBA  
Office: 103 Dauch  
Hours: MWF 3P - 5P

Voice: 419-289-5229  
E-Mail: tharvey@ashland.edu

Class: MWF 11:00A – 11:50A  
Conard Foundation Center for Financial Education

W 6:00P – 8:45P

**PRE-REQUISITE:**

ECON233 – Principles of Macroeconomics

**READING MATERIALS:**

Rose, Peter S. and Hudgins, Sylvia G. 2010. *Bank Management & Financial Services*, 8<sup>th</sup> ed.  
New York: McGraw-Hill Irwin.  
Heilbroner, Robert L. 1986. *The Essential Adam Smith*. New York: W.W. Norton.

**OTHER MATERIALS** - Highly Recommended

Financial calculator - HP or Texas Instruments  
Computer access to spreadsheet and word processing programs

**COURSE DESCRIPTION:**

The functioning of a private enterprise society is analyzed in terms of money in all of its economic aspects, including its amount, form and flow, and the institutions, public and private, that assist in mobilizing and distributing purchasing power. A historic approach is included to provide a foundation and a perspective.

### **Course Objectives**

To introduce the student to the fundamentals of the monetary and banking systems. This includes understanding how the banking system contributes to the economic vitality of the country and the ways in which they are managed. Each student should gain a basic understanding of asset liability management, the structure of commercial banks, the accounting systems that banks utilize, and the interrelationships that form the banking system in the United States.

### **COURSE COMPETENCIES:**

- A. College of Business
  - 1. Specialized business knowledge
  - 2. Managerial thinking skills
    - a. Logical thinking
    - b. Conceptual thinking
    - c. Application of theories and concepts to managerial problems and solutions
  - 3. Communication
- B. Department of Finance
  - 1. Interpersonal skills
  - 2. Tact and diplomacy
  - 3. Ethics
- C. ECON334 – Money and Banking
  - 1. Communication
  - 2. Efficiency orientation
  - 3. Diagnostic use of concepts

### **COURSE GUIDELINES:**

- A. STATEMENT ON PLAGIARISM (AU Student Handbook, 1997 - 99, pp. 48 - 51):

Plagiarism is the intentional or unintentional presentation of someone else's words, ideas, or data as one's own work. In the event the faculty member deems the plagiarism is unintentional, he/she shall typically require the student to rewrite the assignment. In the event the faculty member believes the plagiarism is willful, the sanctions in the handbook will apply, including documentation of the circumstance for inclusion in the student's personal file. If the work of another is used, acknowledgment of the original source must be made through a recognized reference practice, and, if verbatim statements are included, through quotation marks as well. To assure proper crediting, a student will acknowledge the work of others:

- A. Whenever one quotes another person's actual words.
- B. Whenever one uses another person's idea, opinion, or theory, even if it is completely paraphrased in one's own words.
- C. Whenever one borrows facts, statistics, or other illustrative materials -- unless the information is of such common knowledge as not to be questioned.

A grade of "0" will be given on any assignment for which plagiarism has been established.

For additional information on academic integrity, see Student Handbook, 1997 - 99, pp. 48 - 51.

B. CLASSROOM SUPPORT:

For any students who have specific physical, psychiatric, or learning disabilities and who require special accommodations, please let me know early in the semester so that your learning needs can be met appropriately. It is your responsibility to provide documentation of your disability to:

Classroom Support Services  
Ms. Suzanne Salvo  
Office: 105 Ams, (419) 289-5904  
E-Mail: [ssalvo@ashland.edu](mailto:ssalvo@ashland.edu)

C. CLASS POLICIES:

1. Class attendance and class participation beyond mere physical presence are essential for maximum educational advantage and are strongly encouraged. Responsibility for all course material rests *entirely with the student*, whether or not he or she attends each class.
2. Students are responsible for all assignments and any notes you miss when absent. In fact, if you miss a class, the chances are excellent that I will call on you in the next class. Get someone's phone number and e-mail address now.
3. Excessive absences will be noted and the proper authorities notified according to Ashland University policy. However, I plan to present material that you cannot afford to miss.
4. If you are having problems with the course, please seek counseling early. Failure to do so only compounds problems later.
5. It is the prerogative of the instructor to administer unannounced quizzes as part of the

student evaluation process and to pass judgment on the merits of all cases involving class requirements missed by the student.

6. Cheating of any kind will result in an automatic “F” and dismissal from the class in accordance with the procedures outlined in the *Ashland University Student Handbook*.

7. As a rule, the format of the class will feature dialogue between all participants. There will be some lecture, but, for the most part, it will be very participative. That means an emphasis on preparation. Students will also be expected to ask questions about issues and subjects about which they are unclear.

8. There will no food or drink in the Trading Room. The use of cellular telephones, pagers, or other electronic devices is also prohibited.

D. TEST POLICIES:

1. Students are expected to take exams on the assigned dates. To be officially excused from an exam, your death or terminal illness must be reported to me or to the department’s main office (419-289-5210) PRIOR to the examination by note, letter, or telephone.

2. On all exams, students must show all work. Simply giving the “one-figure” answer will result in points being deducted from your grade.

3. Partial credit is possible, but only at the professor’s discretion. Any “debates” over partial credit will result in automatic elimination of partial credit and/or loss of extra points.

4. Use of computer is required.

E. PROJECT POLICIES:

1. Each student will select a major commercial bank and will complete the “Real Numbers for Real Banks” cases at the end of each chapter in the Rose and Hudgins text. Students will present and submit the chapter cases each week. The compilation of the chapter cases will result in the complete overview of the selected bank which will be submitted and presented at the end of the semester.

2. Collaboration is encouraged. In each presentation, each student will be expected to participate in the explanation of the analysis.

3. It is expected that PowerPoint or other suitable visual aids will be utilized in the presentations.

4. Time will be spent in class to prepare students on the way to accomplish this assignment successfully.

#### E. STUDENT RESPONSIBILITIES

1. Students will be responsible for all assignments, taking exams, participating in the project, and all notes.

#### ASSESSMENT OF COMPETENCIES / EVALUATIVE CRITERIA:

##### Evaluating Criteria

	Points
Weekly Cases	900
Exams	300
Adam Smith paper	200
Final presentation	100
Total	1,500

Students earn their grades. Students will not be given credit so that they may pass, graduate, or earn corporate reimbursement. No curve is anticipated. Letting the professor know that “the student needs a specific grade” will only reinforce strict adherence to these evaluating criteria.

This course is designed to help the student learn and become proficient in the fundamentals of money and banking. It is assumed that this is the objective of each student in the class and that each one wants to learn, otherwise s/he would not be enrolled. This is to be a worthwhile learning experience for all participants.

##### Scale

A	100 - 92	B-	81 - 80	D+	69 - 68
A-	92 - 90	C+	79 - 78	D	67 - 62
B+	89 - 88	C	77 - 72	D-	61 - 60
B	87 - 83	C-	71 - 70	F	59 - less

## TENTATIVE COURSE SCHEDULE<sup>1</sup>

WEEK	ASSIGNMENT
1	Introduction Chapter 1: An Overview of the Changing Financial Services Sector Chapter 2: The Impact of Government Policy and Regulation on the Financial Services Industry
2	Chapter 3: The Organization and Structure of Banking and the Financial Services Industry Chapter 4: Establishing New Banks, Branches, ATMs, Telephone Services, and Web Sites
3	Chapter 5: The Financial Statements of Banks and their Principal Competitors Chapter 6: Measuring and Evaluating the Performance of Banks and their Principal Competitors  Exam I assigned
4	Chapter 7: Risk Management for Changing Interest Rates: Asset-Liability Management and Duration Techniques  Exam I due
5	Chapter 8: Risk Management: Financial Futures, Options, Swaps, and Other Hedging Tools <i>The Essential Adam Smith</i>
6	Chapter 9: Risk Management: Asset-Backed Securities, Loan Sales, Credit Standbys, and Credit Derivatives <i>The Essential Adam Smith</i>
7	Chapter 10: The Investment Function in Financial Services Management <i>The Essential Adam Smith</i>
8	Chapter 11: Liquidity and Reserves Management: Strategies and Policies

---

<sup>1</sup> The schedule and the assignments are subject to revision should there be good reason. I will reserve the right to make any such changes and will make them known in class at least a week before they take effect.

	<i>The Essential Adam Smith</i>
9	Spring Break
10	Chapter 12: Managing and Pricing Deposit Services <i>The Essential Adam Smith</i>  Exam #2 assigned
11	Chapter 13: Managing Nondeposit Liabilities  Exam due
12	Chapter 14: Investment Banking, Insurance, and Other Sources of Fee Income  <i>The Essential Adam Smith</i> paper due
13	Chapter 15: The Management of Capital
14	Chapter 16: Lending Policies and Procedures: Managing Credit Risk
15	Chapter 17: Lending to Business Firms and Pricing Business Loans
16	Chapter 18: Consumer Loans, Credit Cards, and Real Estate Lending  Exam #3 assigned
17	Project presentations  Exam #3 due

### **INSTRUCTION ON PROJECTS/EXAMS, ETC.**

#### **ECON334 Assignments**

All assignments must be typed (double-spaced), according to in business format, not according to APA guidelines. Ragged-edged paper, such as paper torn out of a notebook, or handwritten material will not be accepted. All financial statements will be computer-generated.

*In that “communication skills” are a core competency of the College of Business and Economics, the focus of grading will not only be the quantitative and technical part of investment analysis. There will be an equal emphasis on your presentation and writing skills. It will also be important to participate in class, demonstrating verbal communication skills.*

### **Late Work**

Assignments handed in late are penalized 20%. Assignments are due at the beginning of each class. Any not turned in during the first hour of class will be given no credit.

### **Examinations - 3 @ 100 each**

There will be three exams as noted elsewhere in this syllabus. The most common format will be multiple choice with some short essays and problems. These exams are open-book and open-note, but will be rigorous.

### ***The Essential Adam Smith* - 200 points**

We will read *The Essential Adam Smith* by Robert Heilbroner in addition to our text and will discuss the concepts and strategies that the author suggests. Each student will choose one concept/strategy to develop further in a 3 to 5 page paper. Students will apply what they have learned in *The Essential Adam Smith* to their understanding of the monetary and political systems in the United States.

### ***Real Numbers for Real Banks* - 50 points for each chapter case; 100 for final presentation**

Students will complete the case studies at the end of each chapter upon completion of that chapter and will submit them during the subsequent class period. Selected students will present their case work in class with PowerPoint or other suitable media. Weekly cases will be graded and returned to be inserted into a journal that each student will keep throughout the semester. During finals week, the final weekly case will be submitted along with the journal for final presentation.

In addition to the assignments from the text, students are encouraged to search for news about the bank that they have chosen and to incorporate that news into their analysis.