Subject Outline

Introduction

Welcome to ECON30005 Money and Banking.

A detailed list of topics to be covered will be found in the lecture outline on page 5.

It is important that you be aware of two things. 1. We will cover a good deal of applied economics AND ECONOMIC THEORY (and far more than might be the case if the subject were taught in a Finance department). We will make extensive use of utility functions, indifference curves, budget constraints and general equilibrium concepts. 2. For each topic, we will discuss theory, empirical evidence, and relevant Australian data, institutions and policy.

Subject Aims

The overall aim of this subject is for you to learn about monetary theory, the operation of monetary policy and the banking sector in Australia, and some theoretical techniques of use in studying these topics.

Reference Textbooks

Bruce Champ, Scott Freeman and Joseph Haslag, Modeling Monetary Economics, 3rd edition, Cambridge University Press.


The library has a few copies of these books.

Learning Outcomes

Subject Objectives

To view the subject objectives and the generic skills you will develop through successful completion of this subject, please see the University Handbook:


To view the learning goals, generic skills and graduate attributes for your degree, please locate the University Handbook entry for your degree at:

http://handbook.unimelb.edu.au/
Generic Skills

In this subject you will have the opportunity to develop important generic skills. These include:

- High level of development: written communication; application of theory to practice; interpretation and analysis.
- Moderate level of development: oral communication; collaborative learning; problem solving; statistical reasoning; critical thinking; synthesis of data and other information; evaluation of data and other information; accessing data and other information from a range of sources; receptiveness to alternative ideas.
- Some level of development: team work; use of computer software.

Awareness Issues

At a broader level, studying this subject will increase your awareness of issues relating to economic policy in Australia and deepen your understanding of relevant economic theory.

Prerequisites

ECON20001 Intermediate Microeconomics
AND
ECON20002 Intermediate Macroeconomics.

Academic Staff Contact Details

Subject Coordinator (Lecturer) Contact Details

Your lecturer for the subject is Mei Dong.
Email: mei.dong@unimelb.edu.au
Room: 354 (FBE Building) Phone: 8344 1209
Consultation Hour: 1:30pm to 3:30pm Tuesday

Tutor Contact Details

Your tutor is Ryan Ng
Email: ryan.ngws@gmail.com
Room: 317 (FBE Building)
Consultation Hour: 3:15pm to 4:15pm Wednesday
Email Protocol

Please note that we are only able to respond to student emails coming from a University email address. Please do not use personal email addresses such as Yahoo, Hotmail or even business email addresses. Emails from non-University email addresses may be filtered by the University's spam filter, which means that we may not receive your email. All correspondence relating to this subject will only be sent to your University email address. Note that you must first activate your University email address before you can send or receive emails at that address. You can activate your email account at this link: http://accounts.unimelb.edu.au/.

While academic staff endeavor to address queries received via email, it is more appropriate to resolve substantive questions during lectures and tutorials and during normal consultation hours. With this in mind, we encourage students to attend all lectures and tutorials and to familiarise themselves with the consultation hours offered by the lecturer and tutor in this subject.

Lectures

Lecture Times

<table>
<thead>
<tr>
<th>Day</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday</td>
<td>9:00am - 10:00am</td>
<td>Alan Gilbert – Theatre 2</td>
</tr>
<tr>
<td>Wednesday</td>
<td>11:00am - 12:00pm</td>
<td>FBE – Theatre 1</td>
</tr>
</tbody>
</table>

Lecture slides, Lecture notes and Tutorial questions

These will be placed on the LMS in the menu items “Lectures” or “Tutorials”.


### Lecture Topics

<table>
<thead>
<tr>
<th>Week and Lecture No.</th>
<th>Topic(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 L1 &amp; L2</td>
<td>Administration; A simple model of money</td>
</tr>
<tr>
<td>2 L3 &amp; L4</td>
<td>A simple model of money (cont’d); Monetary aggregates in Australia; Inflation</td>
</tr>
<tr>
<td>3 L5 &amp; L6</td>
<td>Inflation; Seigniorage revenue and hyperinflation</td>
</tr>
<tr>
<td>4 L7 &amp; L8</td>
<td>Price surprises and the Phillips Curve: theory and evidence</td>
</tr>
<tr>
<td>5 L9 &amp; L10</td>
<td>Price surprises and the Phillips Curve (cont’d); International monetary system</td>
</tr>
<tr>
<td>6 L11 &amp; L12</td>
<td>International monetary system (cont’d); the Asian Financial Crisis</td>
</tr>
<tr>
<td>7 L13 &amp; L14</td>
<td>Money and capital</td>
</tr>
<tr>
<td>8 L15 &amp; L16</td>
<td>Liquidity and financial intermediation</td>
</tr>
<tr>
<td>9 L17 &amp; L18</td>
<td>Central banking and the money supply</td>
</tr>
<tr>
<td>10 L19 &amp; L20</td>
<td>Reserve Bank of Australia and central banks around the world; Bank risks, liquidity risk and bank panics</td>
</tr>
<tr>
<td>11 L21 &amp; L22</td>
<td>Bank risk, liquidity risk and bank panics (cont’d); the Global Financial Crisis</td>
</tr>
<tr>
<td>12 L23 &amp; L24</td>
<td>Australian banking system (a macro perspective)</td>
</tr>
</tbody>
</table>

Detailed reading will be given in the slides for each lecture.
Lectures will not be recorded.

### Tutorial Participation Requirements

Students are required to attend 1 one-hour tutorial per week. Tutorials in this subject commence in the second week. You enrol in tutorials via the Student Portal.
Tutorials are an integral and VERY important part of the subject. Tutorials will be used both to complement and to supplement the lectures and the reading material. You are strongly encouraged to prepare for the tutorial before you go to the tutorial.

Exam questions will all be based on (i.e. they will be modifications, extensions and/or combinations of) the questions on lectures, tutorials, and the assignments.

**Assessment**

**Assessment Overview**

The handbook entry for the subject dictates the assessment. It reads “A 2-hour end-of-semester examination (80%) and class assignments of 2000 words in Total (20%).”

**Assignments**

There will be two assignments - each will be worth 10 marks. The first assignment will be distributed in Lecture 9 and will be due in lecture 13. The second assignment will be distributed in Lecture 18 and will be due in lecture 21.

Like the tutorial questions, the assignment questions will also be practice exam questions. You will be encouraged to work in small groups on the assignments and to hand in assignments ‘as a group’. All members of the group will be given the same mark. No more than four students may make up a group. Note that no two groups may hand in the same assignment.

It is possible that due dates for one or both of the assignments will also be due dates for work in another subject or subjects. Be mindful of this.

Assignments must be handed in to us in paper form. Emailed copies will not be marked. All pages of an assignment should be stapled together or fastened together by some other secure means.

Assignments are to be submitted at your lecture on the due date, NOT to the Undergraduate Student Centre, and not electronically.

Before submitting an assignment, you should attach a cover sheet (I will give it to you with the assignment) to the front of your assignment – this must have on it your name(s) and the day and time of your tutorial.

ALWAYS keep a copy of your assignment in case the one you hand in gets lost.

**Late Assignments will NOT be accepted**

Students with a genuine and acceptable reason for not completing an assignment, such as illness, can apply to the lecturer to have their marks for that assignment transferred to the final exam. Suitable evidence, such as a doctor’s certificate is required. Applications made more than 3 days after the assignment is due will not be considered.
Plagiarism and Collusion are not acceptable behaviour

Plagiarism is the presentation by a student or a group of students of an assignment identified as their own work even though it has been copied in whole or in part from another student's work, or from any other source, without due acknowledgement in the text. Collusion is the presentation by a student or a group of students of an assignment as their own work when it is, in fact, the result (in whole or in part) of unauthorised collaboration with another person or persons. Both the student(s) presenting the assignment and the student(s) willingly supplying unauthorised material are considered participants in the act of academic misconduct.

Penalties for academic misconduct including plagiarism or collusion can be severe. They can include a mark of zero for the assignment or even failure in a subject or expulsion from the University.

Final Exam

The final exam accounts for 80 marks. Exam questions will be based on (i.e. they will be modifications, extensions and/or combinations of) the questions on Tutorial sheets and the Assignments. Another way to put this is to say that the tutorial questions and assignment questions will all be practice examination questions.

Special Consideration

Students who have been significantly affected by illness or other serious circumstances during the semester may be eligible to apply for Special Consideration. The following website contains detailed information on the rules governing Special Consideration: http://fbe.unimelb.edu.au/csc/assistance/special_consideration

Subject Prize

The State Chamber of Commerce Exhibition for Money and Banking is awarded to the student who achieves the highest overall result in the subject. If more than one student is ranked first overall the prize will be shared. For full details of this and all other subject prizes, visit the Faculty website www.fbe.unimelb.edu.au/students/prizes/

Consultations

The lecturer and the tutor will each have a consultation hour. (Details on page 2 above.)

Online Tutor

The Online Tutor allows you to direct questions to a tutor via the LMS. It can be accessed 24 hours a day, 7 days a week. We will attempt to answer your question within 24 hours.

Your questions and the answers provided can (usually) be accessed by all students in the subject, allowing everyone to benefit from the question and answer. Importantly, your
identity will not be revealed to other students. Notice that this means, that even if you don’t want to ask a question, you can still view existing questions and answers.

Note that the Online Tutor is not designed to replace attendance at tutorials, but rather to complement the tutorial process. You should not use it as a substitute for reading or thought. General questions and simple questions that can be answered by referring to the prescribed readings will not usually be answered. Questions should be focussed and should show evidence that you have made some attempt to resolve the problem yourself. Detailed answers will not be provided about questions contained in upcoming Tutorials. Detailed answers for assignments will not be given. If you do not understand concepts generally, please see your tutor or lecturer during their consultation hours.

The Online Tutor will commence operation in the second week of the semester and will be open until just before the final exam in the subject. It can be accessed by going to “Online Tutor” tab in the subject’s menu on the LMS.

**Welcome**

Welcome to the subject. We think that you will find that the subject is both challenging and interesting.