

## ECON30005 Money and Banking

ECON0000 Money and Banking

Credit Points:	12.50									
Level:	3 (Undergraduate)									
Dates & Locations:	2012, Parkville This subject commences in the following study period/s: Semester 2, Parkville - Taught on campus.									
Time Commitment:	Contact Hours: Two 1-hour lectures and a 1-hour tutorial per week Total Time Commitment: Not available									
Prerequisites:	Both of the following: <table><tr><th>Subject</th><th>Study Period Commencement:</th><th>Credit Points:</th></tr><tr><td>ECON20002 Intermediate Microeconomics</td><td>Summer Term, Semester 1</td><td>12.50</td></tr><tr><td>ECON20001 Intermediate Macroeconomics</td><td>Semester 2</td><td>12.50</td></tr></table>	Subject	Study Period Commencement:	Credit Points:	ECON20002 Intermediate Microeconomics	Summer Term, Semester 1	12.50	ECON20001 Intermediate Macroeconomics	Semester 2	12.50
Subject	Study Period Commencement:	Credit Points:								
ECON20002 Intermediate Microeconomics	Summer Term, Semester 1	12.50								
ECON20001 Intermediate Macroeconomics	Semester 2	12.50								
Corequisites:	None									
Recommended Background Knowledge:	Please refer to Prerequisites and Corequisites.									
Non Allowed Subjects:	None									
Core Participation Requirements:	For the purposes of considering requests for Reasonable Adjustments under the Disability Standards for Education (Cwth 2005), and Students Experiencing Academic Disadvantage Policy, academic requirements for this subject are articulated in the Subject Description, Subject Objectives, Generic Skills and Assessment Requirements for this entry. The University is dedicated to provide support to those with special requirements. Further details on the disability support scheme can be found at the Disability Liaison Unit website: <a href="http://www.services.unimelb.edu.au/disability/">http://www.services.unimelb.edu.au/disability/</a>									
Coordinator:	Prof Robert Dixon									
Contact:	<a href="mailto:r.dixon@unimelb.edu.au">r.dixon@unimelb.edu.au</a> ( <a href="mailto:r.dixon@unimelb.edu.au">mailto:r.dixon@unimelb.edu.au</a> )									
Subject Overview:	This course provides an overview of the economic principles that underlie the operation of banks and other financial institutions. The impact of monetary policy in Australia will also be examined with particular emphasis on the roles played by the Reserve Bank and other banking and financial institutions. Topics may include how economic theory applies to financial markets; the process of financial intermediation; available financial statistics; the money supply process and the implementation of monetary policy; money in the macroeconomy; the recent behaviour of major financial aggregates; the 1997/98 Asian economic crisis; financial regulation and deregulation; the monetary transmission mechanism; and a discussion of the recent approach to monetary policy in Australia. The course emphasises institutional and public policy issues, providing an Australian perspective on this topical subject.									
Objectives:	<ul style="list-style-type: none"><li># Explain how financial institutions improve welfare outcomes by facilitating borrowing and lending outcomes that would not otherwise occur</li><li># Synthesise how financial institutions transform the risk and liquidity structure of financial assets and remove informational asymmetries and identify the subsequent impact on borrowing and lending opportunities</li><li># Describe the role of the financial intermediary and the function of financial institutions in facilitating financial intermediation</li><li># Analyse the implication of expectations in economic markets generally and in financial markets particularly;</li></ul>									

	<ul style="list-style-type: none"> <li># Explain regulation and deregulation of economic markets in general and of financial markets in particular</li> <li># Evaluate the implementation of, and recent approach to, monetary policy in Australia and explain the transmission of monetary policy throughout the economy</li> <li># Describe the role of money and financial institutions in recent problems in the world economy</li> <li># Apply relevant theories to the real world issues and scenarios, such as how the institutional structure of the Reserve Bank Board can be designed to minimise the incentive to deliver undesirable outcomes</li> <li># Critically evaluate the relevance of competing theories. For example, the extent to which different types of market failure apply to financial markets and consequently how best to regulate financial markets.</li> </ul>
<b>Assessment:</b>	A 2-hour end-of-semester examination (80%) and class assignments totalling 2000 words (20%).
<b>Prescribed Texts:</b>	F. Mishkin, The Economics of Money, Banking and Financial Markets, 9th edition, 2010
<b>Breadth Options:</b>	<p>This subject potentially can be taken as a breadth subject component for the following courses:</p> <ul style="list-style-type: none"> <li># <b>Bachelor of Arts</b> (<a href="https://handbook.unimelb.edu.au/view/2012/B-ARTS">https://handbook.unimelb.edu.au/view/2012/B-ARTS</a>)</li> <li># <b>Bachelor of Biomedicine</b> (<a href="https://handbook.unimelb.edu.au/view/2012/B-BMED">https://handbook.unimelb.edu.au/view/2012/B-BMED</a>)</li> <li># <b>Bachelor of Environments</b> (<a href="https://handbook.unimelb.edu.au/view/2012/B-ENVS">https://handbook.unimelb.edu.au/view/2012/B-ENVS</a>)</li> <li># <b>Bachelor of Music</b> (<a href="https://handbook.unimelb.edu.au/view/2012/B-MUS">https://handbook.unimelb.edu.au/view/2012/B-MUS</a>)</li> <li># <b>Bachelor of Science</b> (<a href="https://handbook.unimelb.edu.au/view/2012/B-SCI">https://handbook.unimelb.edu.au/view/2012/B-SCI</a>)</li> <li># <b>Bachelor of Engineering</b> (<a href="https://handbook.unimelb.edu.au/view/2012/B-ENG">https://handbook.unimelb.edu.au/view/2012/B-ENG</a>)</li> </ul> <p>You should visit <b><a href="http://breadth.unimelb.edu.au/breadth/info/index.html">learn more about breadth subjects (http://breadth.unimelb.edu.au/breadth/info/index.html)</a></b> and read the breadth requirements for your degree, and should discuss your choice with your student adviser, before deciding on your subjects.</p>
<b>Fees Information:</b>	Subject EFTSL, Level, Discipline & Census Date, <a href="http://enrolment.unimelb.edu.au/fees">http://enrolment.unimelb.edu.au/fees</a>
<b>Generic Skills:</b>	<ul style="list-style-type: none"> <li># High level of development: written communication; application of theory to practice; interpretation and analysis.</li> <li># 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.</li> <li># Some level of development: team work; use of computer software.</li> </ul>
<b>Related Majors/Minors/Specialisations:</b>	Economics Major