

School of Economics and Finance

MOFI202 MONEY AND BANKING

Trimester Two 2006

COURSE OUTLINE

Contact Details

Course Coordinator	Jerry Mushin	RH426	Extn 5884
Lecturer	Stephen Burnell	RH305	Extn 5764
Administrator	Suzanne Freear	RH327	Extn 5380

Lectures

Monday, Wednesday, Friday 2.30pm RH LT1

Tutorials

Students are expected to attend one tutorial every week, beginning in the second week of the course. The procedure for allocation to tutorial groups is explained on Blackboard. Details of the allocation of tutorial groups will be placed on Blackboard. Tutorial assignments will be available on Blackboard. Assignments must be placed in the appropriate tutor's box on the Mezzanine of Rutherford House by 2.30pm on Mondays. There are nine tutorial assignments. Assignments will not be submitted on 4 and 11 September.

Assignments must satisfy these requirements:

- typed (not hand-written)
- minimum margin of 4 centimetres on each side of the text (for comments)
- 1.5 spacing
- approximately 700 words
- carefully proofread and edited

Examination

The examination will be between 19 October and 11 November.

Course Objectives

This course deals with the development of the domestic and international financial systems with special reference to New Zealand. The basic elements of the theory of money, financial markets, and financial institutions are introduced and utilised to provide a framework for assessing the development of these financial systems and for interpreting the efficacy of domestic monetary and financial policies.

Course Content

Stephen Burnell's lectures

1-2	Introduction to money
3	History of currency
4-5	Assets and interest rates
6	Examples of assets
7-8	Asset portfolio choice
9	New Zealand inflation and interest rates.
10	Transactions demand for money Quantity theory of money
11	The Baumol-Tobin model
12	Banks
13	Loan contracts and private information
14	Taxes
15	Government budget constraint and policy
16-17	Equilibrium interest rates
18-19	Inflation, the Phillips curve, and time (in)consistency
20	The foreign sector
21	TEST
22	Banking supervision
23-24	Monetary policy in New Zealand

Jerry Mushin's lectures

25-29	Money in the macro-economy: effects on inflation and real output
30-32	Term structure of interest rates
33-36	New Zealand monetary policy: instruments and real effects

Expected Workload

Total workload = 220 hours. Hours expected per week = 17 (over 13 weeks). This includes attendance at three lectures and one tutorial per week, preparing written assignments, and preparing for the test and the examination.

Readings

Lecture notes for Lectures 1 to 24 are available on Blackboard. For Lectures 25 to 36, a book of reprinted readings is available from the Student Notes Service.

Supplementary reading

*A D Bain: *The Economics of the Financial System*, Basil Blackwell Ltd, 1992

Roger Bowden and Jennifer Zhu: *Kiwicap: An Introduction to New Zealand Capital Markets* [2nd ed], Kiwicap Research Ltd, Wellington, 2005

*E Carew: *New Zealand's Money Revolution*, Allen and Unwin Ltd., 1987

R Deane (ed): *Financial Policy Reform*, Reserve Bank of New Zealand, 1986

K Dowd and M K Lewis (ed): *Current Issues in Financial and Monetary Economics*, Macmillan Education Ltd, 1992

D Gowland: *Money, Inflation and Unemployment* [2nd ed], Harvester Wheatsheaf, 1991

*A Grimes (ed): *Monetary Policy and the New Zealand Financial System* [3rd ed], Reserve Bank of New Zealand, 1992 [The earlier editions of this title are of historical interest only.]

A Grimes, F Holmes, and R Bowden: *An ANZAC Dollar? Currency Union and Business Development*, Institute of Policy Studies, Victoria University of Wellington, 2000.

R G Hubbard: *Money, the Financial Sector and the Economy*, Addison-Wesley Publishing Company Inc, 1994

G Karacaoglu (ed): *An Introduction to Financial Markets in New Zealand*, Victoria University Press, 1988

M Lewis and K Davis, *Domestic and International Banking*, Philip Allan Publishers Ltd, 1987

W T Newlyn and R P Bootle: *Theory of Money* [3rd ed], Oxford University Press, 1978

*P Peare, *An Introduction to the New Zealand Financial System*, Addison Wesley Longman NZ Ltd, 1999

L E O Svensson: *Independent Review of the Operation of Monetary Policy in New Zealand*, The Treasury, Wellington, 2001.

Reserve Bank of New Zealand Bulletin (quarterly)

Monetary Policy Statement, Reserve Bank of New Zealand (at least biannual)

www.rbnz.govt.nz

www.treasury.govt.nz

Essential introductory reading is marked with an asterisk.

Materials and Equipment

Non-programmable calculators are permitted in the test and in the examination.

Assessment Requirements

three-hour examination (60%)

50-minute multiple-choice test on Friday 8 September at 4.40pm (20%)

the best six tutorial assignments (20%)

The examination mark will have a weight of 100% if this leads to a higher grade. The requirements for a pass are a minimum examination mark of 40% and a minimum weighted mark of 50%.

Penalties

Assignments that are submitted late will be awarded a zero mark unless the course co-ordinator is satisfied that an extension is warranted. A zero mark will be awarded for plagiarised assignments.

Mandatory Course Requirements

There are no mandatory requirements for this course. All registered students will be permitted to sit the MOFI202 examination.

Communication of Additional Information

Additional information will be placed on Blackboard.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building - it includes the ground floor reception desk (EA005) and offices 125a to 131 (Level 1). The office is available for the following:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar available in hard copy or under 'About Victoria' on the VUW home page at www.vuw.ac.nz.

Student and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps are to be taken if there is a complaint. For information about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor or refer to the statute on the VUW policy website at www.vuw.ac.nz/policy/studentconduct. The Policy on Staff Conduct can be found on the VUW website at www.vuw.ac.nz/policy/staffconduct.

Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned; class representatives may be able to help you in this. If you are not satisfied with the result of that meeting, see the Head of School or the relevant Associate Dean; VUWSA Education Coordinators are available to assist in this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website at www.vuw.ac.nz/policy/academicgrievances.

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. The University defines plagiarism as follows:

The presentation of the work of another person or other persons as if it were one's own, whether intended or not. This includes published or unpublished work, material on the Internet and the work of other student or staff.

It is still plagiarism even if you re-structure the material or present it in your own style or words.

Note: It is however, perfectly acceptable to include the work of others as long as that is acknowledged by appropriate referencing.

Plagiarism is prohibited at Victoria and is not worth the risk. Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct and may be penalised severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- cancellation of your mark for an assessment or a fail grade for the course
- suspension from the course or the University.

Find out more about plagiarism, and how to avoid it, on the University's website at www.vuw.ac.nz/home/studying/plagiarism.html.

Students with Impairments

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities the same opportunity as other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services (DSS) to discuss your individual needs and the available options and support on a confidential basis. DSS are located on Level 1, Robert Stout Building, telephone (04) 463 6070, email disability@vuw.ac.nz. The name of your School's Disability Liaison Person is in the relevant prospectus or can be obtained from the School Office or DSS.

Student Support

Staff at Victoria want students to have positive learning experiences at the University. Each Faculty has a designated staff member who can either help you directly if your academic progress is causing you concern, or quickly put you in contact with someone who can. Assistance for specific groups is also available from the Kaiwawao Māori, Manaaki Pihipihinga or Victoria International.

In addition, the Student Services Group (email student-services@vuw.ac.nz) is available to provide a variety of support and services. Find out more at www.vuw.ac.nz/st_services/.

VUWSA employs Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and Faculty delegates. The Education Office (tel. (04) 463 6983 or (04) 463 6984, email education@vuwsa.org.nz) is located on the ground floor, Student Union Building.

Manaaki Pihipihinga - Māori and Pacific Mentoring Programme (Faculty of Commerce and Administration)

This is a mentoring service for Māori and Pacific students studying at all levels. Weekly one hour sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade, and Room 210 and 211, Level 2, Railway West Wing. Sessions cover drafting and discussing assignments, essay writing, and any questions that may arise from tutorials and/or lectures. A computer suite networked to Cyber Commons is available for student use.

To register with Manaaki Pihipihinga, please contact one of the following:

Puawai Wereta
Room 210, Level 2
Railway West Wing
Tel. (04) 463 8997
Email: Puawai.Wereta@vuw.ac.nz

Fa'afai Seiuli
Room 109 B
14 Kelburn Parade
Tel. (04) 463 5842
Email: Faafoi.Seiuli@vuw.ac.nz