

School of Economics and Finance

## **MOFI202 MONEY AND BANKING**

Trimester Two 2007

### **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 3 and 10 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 15 October and 9 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.
10-11	Transactions demand for money
12-13	Banks
14	Loan contracts and private information
15	Banking supervision
16-17	Equilibrium interest rates
18-19	Inflation and its consequences
20	The foreign sector
21	TEST
22	The foreign sector (continued)
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](http://www.rbnz.govt.nz)

[www.treasury.govt.nz](http://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 7 September (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.

### **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 or go to [www.vuw.ac.nz/policy](http://www.vuw.ac.nz/policy).

For information on the following topics, go to the Faculty's website [www.vuw.ac.nz/fca](http://www.vuw.ac.nz/fca) under Important Information for Students:

- Academic Grievances
- Academic Integrity and Plagiarism
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

### **Manaaki Pihipihinga Programme**

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email [manaaki-pihipihinga-programme@vuw.ac.nz](mailto:manaaki-pihipihinga-programme@vuw.ac.nz) or phone (04) 463 5233 ext. 8977. To contact the Pacific Support Coordinator, email [pacific-support-coord@vuw.ac.nz](mailto:pacific-support-coord@vuw.ac.nz) or phone (04) 463 5842.