

# Seton Hall University

## STILLMAN SCHOOL OF BUSINESS

Fall 2022

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### Course: ECO 2408 Money & Banking

#### Course Description:

The Course will be divided into two parts:

#### Money & Capital Markets:

The first part will cover the retail investment concepts including time value of money, risk, return and time. It will also cover the money markets and interest rates, as well as the capital markets including equity and bond trading and investing

#### Banking and Institutional Finance:

This second part will cover the institutional side of investing and the analysis that banks go through before they advance any loans to corporations specifically. This section will go over the credit risk analysis and transaction analysis.

The objective of this 3-credit course is to sharpen your knowledge of money and banking. Accordingly, you should understand the following topics at the end of the course:

1. Time Value of Money
2. Risk, Return and Time
3. Characteristics and roles of the various financial markets including the Money Markets and the Capital Markets,
4. Characteristics and roles of financial institutions,
5. Credit Risk Management and the role of corporate banking
6. Role, structure, and impact of regulators in financial markets and institutions,
7. Selected history of financial markets, institutions, regulation, and innovation in the United States

#### Optional Books:

***"An Analytical Approach to Investments, Finance and Credit"* (CD)** First Edition  
Chris Droussiotis, Cognella Academic Publishing  
978-1-935551-66-9

Materials/Handouts to be provided by the Instructor (can be found on [www.ProfessorDrou.com](http://www.ProfessorDrou.com) under Seton Hall – Derivatives page including Lecture Notes, Spreadsheets, Homework Assignments, Reading Assignments and Links.

**Attendance (10%):**

Students are expected to attend on-line or on-campus and to participate in classroom discussions. It is important to attend every class because the Exams are based on the instructor’s lectures and classroom notes. Class participation will count as part of the course grade. Attendance accounts for 10% of your grade.

**Homework (20%):**

Reading assignments and application projects will be assigned. Check Homework assignments and datelines on the professor’s website at [www.ProfessorDrou.com](http://www.ProfessorDrou.com) under SHU - Derivatives. Homework accounts for 10% of your grade. Also check datelines on the syllabus schedule below. Please hand in a hard copy of your homework on the due date. If you miss your class, please either email the professor the homework or upload on the professor’s Dropbox found on the website and bring a hard copy the following class.

**Exams (70%):**

There will be a midterm and a final exam.

**Midterm Exams (I and II) (35%)**

**Final Exam (35%)**

**Grading:**

Mid Term Exam *	35%
Final Exam*	35%
Homework	20%
Attendance	<u>10%</u>
Total	100%

**\*CD Factor:**

This is to give the benefit for students of significant improvement between Mid-Term Exam and Final. The Weighted averages are as follows (based on pre midterm curve score):

Improvement	Mid-Term Weighting	Final Exam Weighting
35% and higher	15%	55%
30-34%	20%	50%
25%-29%	25%	45%
20%-24%	30%	40%
19% or lower (including negative)	35%	35%

### Academic Integrity

As a guide, in terms of professionalism, integrity, and the rules governing the practice of Finance, the Stillman School, as collectively agreed to by the faculty, will not tolerate academic dishonesty of any kind, including, but not limited to, copying, sharing, or obtaining information from sources without proper citation, attempting to take credit for work that is not one's own, falsification of information, and giving or receiving information about or during a test, quiz or assignment solutions to other students. A proved dishonesty will result in an "F" for this course. Any act of dishonesty that falls under this guide will result in a letter of complaint placed in the student's academic file, leading to the possibility of expulsion from the Stillman School.

### Class Outline:

Please check website [www.ProfessorDrou.com](http://www.ProfessorDrou.com) under "SHU ECO 2408 Money & Banking" page for course detailed outline updates by date. The General outline and textbook used for the material is as follows:

WEEK	SUBJECT	TEXTBOOK
Week 1	Introduction to Money & Banking – Return/Risk/Time	CD/DS
<b>PART 1: MONEY &amp; INVESTING</b>		<b>CD</b>
Week 2	TVM	CD1
Week 3	Risk & Return – historical and Scenario Analysis / Standard Deviation – concept of Sharpe Ratio	CD2
Week 3-4	Money Markets	Handout
Week 4-5	Equity Markets – Primary & Secondary Markets	CD10
Week 6-7	Bond & Loan Markets – Primary & Secondary Market	CD11
Week 8	MIDTERM EXAM I (TMV. Risk & Return)	
	MIDTERM EXAM II (Money, Equity and Bond Markets)	
<b>PART II: BANKING &amp; INSTITUTIONAL FINANCE</b>		<b>DS</b>
Week 9	Credit Basics, History & Role of Corporate Banking	DS1
Week 10-11	Credit Markets & Macroeconomics	DS2
Week 11-12	Credit Risk Analysis	DS3
Week 12-13	Credit Risk Management	DS4
Week 13-14	Corporate Credit Risk –	DS5
Week 14-15	Primary Markets – Corporate Loans Ch 9	DS6,9
Week 16	FINAL EXAM – Transaction/Case Study	