

## **ECONOMICS 2I03 Financial Economics**

**Summer 2022 (Fully in-person)**

**Instructor:** Rizwan Tahir

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**Office:** KTH 405, 905 525 9140 ext. 23826

**Office Hours:** TBA

**Lecture:** Tuesday/Thursday 1 pm to 4 PM (HH 109)

### **Teaching Assistant(s):**

The name, office hours, and email address of the teaching assistant(s) will be posted on Avenue to Learn

### **Course Description:**

This course focuses on the financial sector. Topics include the role of capital markets in facilitating investment and growth, bond markets, & stock markets. It analyses behavior of interest rates and discusses Banking and the Management of Financial Institutions.

### **Prerequisite(s):**

ECON 1B03 and ECON 1BB3 (or ARTSSCI 2E03)

*Not open to students with credit or registration in COMMERCE 2FA3*

### **Required Textbook:**

*The Economics of Money, Banking and Financial Markets 7th Canadian Edition, by Fredric S. Mishkin, 2020*

### **Additional Text:**

*Corporate Finance, 3rd Canadian Edition, by Jonathan Berk, Peter Demarzo & David Stangeland, 2015, Pearson*

### **Learning Outcomes:**

At the end of the course, students should be able to

- Understand the primary functions of the Financial System
- Understand the structure of the Financial Markets
  - Understand time value of money
  - Understand how to value bonds & stocks
- Explain the Financial Market Instruments
- Understand time value of money and Valuation of Financial assets
- Explain the Functions of Financial Intermediaries
- Explain the types of Financial Intermediaries
- Explain Regulation of Financial Markets
- Explain the role of financial regulatory authorities
- Explain the role of central banking

### **Course Website**

Avenue to Learn (avenue.mcmaster.ca) is McMaster's learning management system and is where all the course material will be posted. Course material is posted under the 'Content Tab' on Avenue and includes:

- Course Outline
- PowerPoint Notes
- Selected textbook questions and answers
- Office hours of the instructor and teaching assistant
- Grades
- Announcements

### **Evaluation**

Component	Weight
Quizzes	10%
Class participation (iClicker) Optional	5%
Term Test-1	25%
Term Test-2	25%
Final Exam	35%, 40% (without iClickers)

### **Quizzes**

Quizzes will be administered through Avenue to Learn. All Quizzes will consist of Multiple-Choice questions. See below the detail information on the coverage, availability, and due dates.

### **iClickers**

We will make use of iclickers (or "clickers") – an electronic response system that allows you to register an answer to questions asked in class. Best 80% clicker sessions will count for 5% of the course grade.

Please visit the following link to see how you can participate in the clicker sessions.

<https://macmillan.force.com/iclicker/s/article/iClicker-Student-App-Purchasing-Participation-Options>

You can participate using a smart device. Please follow the link, if you do not have an account: <https://app.reef-education.com/#/account/create> or <https://app.reef-education.com/#/login> to login and register for the course. Please use your "mac ID" and NOT your "student ID" to register. You will find the course as "ECON-2I03-S22"

According to McMaster University Academic Integrity Policy  
(<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicIntegrity.pdf>)

It shall be an offence knowingly to:

q) impersonate another student either in person or electronically for the purpose of academic assessment.

### **Test #1 & Test #2**

Both tests, 60 minutes long, will consist of 40 multiple choice questions. The material for each test is outlined below. (Note: both tests will be held during lecture time)

### **Final Exam**

The final exam will be 2 hours in length and will be written during the final exam period. The exam will consist of 70 multiple choice questions and one short answer question and is cumulative.

### **Missing Quizzes and/or tests**

- There will be no makeup quizzes or makeup tests
- If you miss a test or quiz, you will get a grade of zero unless you complete and submit a McMaster Student Absence Form (MSAF) which can be found at <https://www.mcmaster.ca/msaf/>
- With approved MASF, weight of the missed quiz or test will be shifted towards final exam.
- **NOTE: MASF is not accepted for class participation through iclickers**

### **Use of Calculators**

Only the Casio FX-991 MS or MS plus series calculator may be used for tests and the exam (available in the bookstore).

### **Photo ID**

You will be required to show your university photo ID at all tests and the exam.

### **Scan Sheets**

For all tests and the final examination *multiple choice questions* to be answered on scan sheets. You must use an HB pencil to fill in these sheets and you are responsible for providing your own.

### Important Dates

- Test # 1 Tuesday July 7<sup>th</sup>
- Test # 2 Tuesday, July 21<sup>st</sup>
- Note: Both term tests will be held during the class time
- Final Exam: Thursday, August 4<sup>th</sup>
- Course Withdrawal Wednesday, July 20<sup>th</sup>

### Email Policy:

**All official McMaster correspondence is sent to your McMaster account so please check it on a regular basis. Any 'group' emails I send to the class will be sent to your McMaster account**

The following are usually helpful if you want to send me an email.

1. Send the email to [tahirr1@mcmaster.ca](mailto:tahirr1@mcmaster.ca)
2. I will try to answer all emails within 48 hours. It takes longer to reply to emails send through my learning space. If I have not responded within 48 hours, please re-send your email, or contact me in person.
3. **ALWAYS** include the course code in the subject line of your email (2H03).
4. Please also include your name and student number at the bottom of your email so that I know who you are.
5. Email me from your McMaster email account, not from Yahoo or other sorts. McMaster uses email filters that may filter your email into a 'junk' or 'spam' folder and so emailing from your McMaster account increases the chances that I will receive your email.

## Detailed Reading Schedule

Dates	Topics/Readings	Quizzes on Avenue
June 21 <sup>st</sup>	<i>Introduction:</i> <i>Chapters 1, 2 &amp; 3 (RT)*</i>	
June 23 <sup>rd</sup>	The Time Value of Money Chapter 4 (AT)**	Quiz #1 Covers chapters 1,2 &3 (RT) Available on June 27 from 9 am to 9 pm
June 28 <sup>th</sup>	Basic Valuation Valuing Bonds Chapter 6 (AT)	
June 30 <sup>th</sup>	Financial Markets Understanding Interest rates The behaviour of interest rate Chapter 5 (RT)	Quiz #2 Covers chapter 4& 6 (AT) Available on July 04 from 9 am to 9 pm
July 5 <sup>th</sup>	The Risk and Term structure of interest rate The stock Market Chapter 6(RT)	
July 7 <sup>th</sup>	TEST # 1 Covers chapters 1,2,3(RT) & 4, 6 (AT)	
July 12 <sup>th</sup>	Valuing Stocks Chapter 7 (AT)	Quiz #3 Covers chapter 5,6 (RT) Available on July 11 from 9 am to 9 pm
July 14 <sup>th</sup>	Financial Institutions Chapter 8 (RT)	
July 19 <sup>th</sup>	Financial Institutions ... Continue Chapters 9 (RT)	Quiz #4 Covers chapter 7 & 8(RT) Available on July 18 from 9 am to 9 pm
July 21 <sup>st</sup>	TEST # 2 Covers chapters 7(AT) & 5,6 & 8 (RT)	
July 26 <sup>th</sup>	Financial Institutions ... Continue Chapters 10 (RT)	
July 28 <sup>th</sup>	Central Banking Chapter 14, 15, 16(RT)	Quiz #5 Covers chapter 9, & 10 (RT) Available on July 27 from 9 am to 9 pm
August 2 <sup>nd</sup>	Review	Quiz #6 (Covers chapter 14, 15 & 16) Available on August 01 from 9 am to 9 pm
August 4 <sup>th</sup>	Final Exam	

\*Required Text; \*\* Additional Text

## University Policies

### **CONDUCT EXPECTATIONS**

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students' access to these platforms.

### **ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES**

Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or [sas@mcmaster.ca](mailto:sas@mcmaster.ca) to make arrangements with a Program Coordinator. For further information, consult McMaster University's [Academic Accommodation of Students with Disabilities](#) policy.

### **REQUESTS FOR RELIEF FOR MISSED ACADEMIC TERM WORK**

McMaster Student Absence Form (MSAF): In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar “Requests for Relief for Missed Academic Term Work”.

### **ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)**

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

### **COPYRIGHT AND RECORDING**

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

### **EXTREME CIRCUMSTANCES**

The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

### **ACADEMIC INTEGRITY**

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity. **It is your responsibility to understand what constitutes academic dishonesty.**

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/), located at [https://secretariat.mcmaster.ca/university-policies-procedures-](https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/) guidelines/

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
- improper collaboration in group work.

copying or using unauthorized aids in tests and examinations.

### **COURSES WITH AN ON-LINE ELEMENT**

**Some courses may** use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.