**YORK UNIVERSITY**

**FACULTY OF LIBERAL ARTS AND PROFESSIONAL STUDIES AP/ECON 3430 3.0 Section B**

Catalogue # C15C01

**MONETARY ECONOMICS I: FINANCIAL MARKETS AND INSTITUTIONS**

**FALL 2019**

**COURSE OUTLINE**

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| ***Instructor Contact Information:*** | ***Class Meets:*** |
| [**Professor Brenda Spotto**](http://www.yorku.ca/spotton/)**n Visano** | Tues & Thurs  8:30am-10am |
|  | Room: LSB 106 |
| Office: 130 McLaughlin  Voice Mail: (416) 736-2100 ext. 20470 | **Office hours:** Tues 10-11am |
| E-mail: [spotton@yorku.ca](mailto:spotton@yorku.ca) or by appointment | |
| **Teaching Assistant**: TBA | |
| **Economics Main Office, Vari Hall 1144 Tel: (416) 736-5083** | |

**CALENDAR COURSE DESCRIPTION**

Studies the principal financial institutions and markets in the Canadian economy. Analyzes the economic function, regulation, and operational features of these institutions and markets. Considers

the corresponding institutions and markets in other countries. Prerequisites: AP/ECON 1000 3.00 and AP/ECON 1010 3.00 or equivalents. Course credit exclusion: GL/ECON 3380 3.00. PRIOR TO FALL 2009: Course credit exclusions: AK/ECON 3430 3.00, AS/ECON 3140 3.00, GL/ECON 3380 3.00.

**COURSE DELIVERY AND APPROACH**

The course involves formal lectures by the instructor and guided class discussions around a series of topics designed to facilitate and motivate students’ own exploration of the topics we cover. In general, Core Concepts will be delivered in a lecture; Current Issues delivery will engage various means of class interaction.

Our approach in this course will be to employ a structural-functional analysis of the financial system: viewing the financial system as a structurally stratified whole, with the function or purpose of each part contributing to that whole and dependent on the function of other parts.

**LEARNING OBJECTIVES**

1. Enable a conceptual and practical understanding of the economic role of the financial system; identify and define various financial instruments, markets, financial institutions, and relevant regulation.

2. With reference to (a) economic efficiency, (b) interest groups, and (c) social desirability, analyze the ability of financial instruments, institutions, models and policy positions to function well.

3. With reference to (a) needs (material and financial), (b) financial regulation, and (c) technological developments, explain current financial developments and critique emerging issues.

[**COURSE WEBSITE**](http://bloodstone.atkinson.yorku.ca/domino/html/outlines/crsoutlines.nsf/webdisplay-courseoutlines/2016f-apecon3430a-03?OpenDocument)

Lecture notes and readings will be posted on the page for this course at: <http://moodle.info.yorku.ca/>

**TEXTS**

**Recommended Readings**

There is no textbook for this course. Recommended Readings will be confirmed/identified in class. Recommended Readings are reading assignments that directly complement the lecture and will form part of the material on which students will be evaluated. (NOTE: Articles located in the JSTOR database require access via the York University Libraries.)

**Further Readings – FYI only**

Material listed under “Further Reading” is material that may be of interest to those who seek additional information for their own benefit.

**FAQ**

***The course is full? I can't enroll; what can I do?*** *Continue to attempt to enroll electronically; historically, students add/drop courses with some frequency in the first couple of weeks of classes. If you have been attending class, come to see me on* ***October 1*** *if you have been unable to enroll. I will render a final decision at that time.* NOTE*: We do not keep waiting lists.*

**EVALUATION**

In this course, we will prioritize ways of identifying, framing and analyzing an issue and synthesizing financial information. The final grade for the course will be based on the following tests, weights as indicated:

1. Midterm Test: 40%

2. Final Exam: 60%

The **Midterm Test and Final Exam** will comprise short answer/essay-type questions—with or without some calculations required—designed by the instructor and teaching assistant and based on suggestions by students. The questions on the final exam will focus primarily on the material covered in the second half of the semester but will require an understanding of and ability to apply concepts introduced in the first half. Superior performance on the test or exam will require more than a solid understanding of the material; superior performance will require an ability to synthesize, analyze and organize economic information in well-structured, well-written arguments supporting or refuting hypotheses related to questions concerning financial issues.

**Missed Tests:** Students with a documented reason (such as illness or compassionate grounds) for missing either the midterm test or final exam may request accommodation from the Course Instructor. (NOTE: a student who misses the final exam must pursue deferred standing—see Accommodation Procedures: Deferred Standing, below).

**COURSE OUTLINE IN BRIEF AND KEY DATES**

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| **Class Meet** | **Primary Topics** | **University Important Dates**  [https://registrar.yorku.ca/enrol/dates/fw1](https://registrar.yorku.ca/enrol/dates/fw18)9 |
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| 5 Sept | Session 1A&B: Introductions | 4 Sept: Classes start |
| 10, 12 Sept | Session 2A&B: Financial System  Overview | Up to 11 Sept: 100% refund  12-18 Sept: 90% refund |
| 17, 19 Sept | Session 3A&B: Money | 17 Sept: last day to enroll without instructor permission  12-18 Sept: 90% refund |
| 24, 26 Sept | Session 4A&B: Foreign Exchange | 19-25 Sept: 80% refund |
| 1, 3 Oct | Session 5A&B: Pricing Financial  Instruments | 1 Oct: last day to enroll with instructor permission  26 Sept-2 Oct: 40% refund |
| 8, 10 Oct | Session 6A&B: Interest Rates |  |
| 12-18 Oct | Fall Reading Week - No classes | 12-18 Oct: Reading Week |
| 22 Oct  **24 Oct** | Test Review  **IN-CLASS TEST**  **Topics 1-6** |  |
| 29, 31 Oct | Session 7A&B: Financial Intermediation |  |
| 5, 7 Nov | Session 8A&B: Financial Regulation | 8 Nov: Last day to drop without academic penalty |
| 12, 14 Nov | Session 9A&B: Central Banking and  Financial Crises | 9Nov–3 Dec: Course Withdrawal Period (withdraw from a course and receive a grade of “W” on transcript) |
| 19, 21 Nov | Session 10A&B: Fintech |  |
| 26, 28 Nov | Session 11: Topic TBA |  |
| 3 Dec | Exam Review | 3 Dec: Fall Classes End |
| 6-21 Dec | **Date TBA FINAL EXAM:**  **Topics 7-11** | 5-20 Dec: Fall Examinations |

**TENTATIVE COURSE OUTLINE AND RELATED READINGS**

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| **TOPIC 1: INTRODUCTIONS** | |
| **Session 1A. Overview of Core Content** | **Session 1B. Introduction to Structures & Issues** |
| **Agenda**  1. Introduction to each other  2. Course Administration  3. Overview of Canadian Financial System and  Learning Objectives  **Key Questions**   1. What will students learn in this course? 2. How will student performance be evaluated? 3. What is the Canadian financial system? What is its function? 4. What are “financial services”?   **Recommended Readings**  Ch1: “An Introduction to Money and the Financial System” Cecchetti, Stephen G. and Angela Redish Money, Banking and Financial Markets, McGraw-Hill Ryerson, 2010 (pp. 1-11)  Ch. 3: “Financial Instruments, Financial Markets, and Financial Institutions” Cecchetti, Stephen G. and Angela Redish Money, Banking and Financial  Markets, McGraw-Hill Ryerson, 2010 (pp. 32-52)  Georgetown University Library (undated) “Evaluating Internet Resources” <https://www.library.georgetown.edu/tutorials/research-guides/evaluating-internet-content>  Wikimedia Foundation (undated) “Evaluating Wikipedia: Tracing the evolution and evaluating the quality of articles” <https://upload.wikimedia.org/wikipedia/commons/5/52/Evaluating_Wikipedia_brochure.pdf>  **Further Reading**  Bank for International Settlement (2011) *Payment, clearing and settlement systems in Canada* <https://www.bis.org/cpmi/publ/d97_ca.pdf>  IMF (2014) *CANADA Financial Sector Stability Assessment* IMF Country Report No. 14/29 [https://www.imf.org/~/media/Websites/IMF/importe d-full-text- pdf/external/pubs/ft/scr/2014/\_cr1429.ashx](https://www.imf.org/~/media/Websites/IMF/importe%20d-full-text-%20pdf/external/pubs/ft/scr/2014/_cr1429.ashx) | **Key Questions**   1. What is the structure of the Canadian financial system? 2. What are some current issues or areas of 3. concern for the financial services industry?   **Activities**  1. Small group discovery: What is the structure of the Canadian financial system?  *Use an internet search engine to search for answers to the above question. Choose 2 sources*  *and assess the content and the quality of the answers proposed by these sources using the Georgetown U criteria.*  2. Large group brainstorming: What are some current issues or areas of concern for the financial services industry?  3. Large group brainstorming: suggest possible topics for the last class.  **Advanced Exercise**  Compare the structure of the Canadian Financial System with the structure of the financial system in another country. |

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| **TOPIC 2: Financial System in a Capitalist Economy** | |
| **Session 2A. Core Concepts** | **Session 2B. Current Issue** |
| **Agenda**   1. Introduction to 2. Functions of Financial Instruments 3. Structure and Function of Financial Markets 4. Structure and Function of Canadian Financial 5. Institutions 6. Principles guiding the Structure and Operation of the Financial System   **Key Questions**   1. Is the financial system good for growth? 2. What principles should guide the structure and operation of the financial system?   **Recommended Readings**  Levine, Ross (2007) Finance, Growth, and  Opportunity: Policy Challenges <http://faculty.haas.berkeley.edu/ross_levine/Papers/2010_Finance_Lessons_mexico.pdf>  Joseph Stiglitz (2010) “Incentives and the Performance of America’s Financial Sector” [https://financialservices.house.gov/media/file/hearing s/111/stiglitz.pdf](https://financialservices.house.gov/media/file/hearing%20s/111/stiglitz.pdf)  Shanmugam, Bala, and Zaha Rina Zahari. (2009) “Chapter 1. Overview of Contemporary Islamic Finance” *A primer on Islamic finance*. CFA Institute **pp1-10.** <http://www.cfapubs.org/doi/abs/10.2470/rf.v2009.n6>  **Further Reading**  "Financial Functions, Institutions, and Growth." in  Sequencing? Financial Strategies for Developing Countries, Eds.: Allison Harwood and Bruce L.R. Smith, Washington, D.C.: Brookings Institution Press,1997. <http://faculty.haas.berkeley.edu/ross_levine/Papers/1997_Book_Harwood_Functions1.pdf>  Toronto Financial Services Alliance (2016) Canada: Islamic Finance Outlook 2016 <http://www.tfsa.ca/storage/reports/Canada_Islamic_Finance_2016.pdf> | **Key Question**  How is the financial system related to the real economy?  **Activity**  Large Group Q&A: Develop a hypothetical monetary economy from self-sufficiency, through specialization and exchange, to saving and investing, with and without risk.  **Key Terms**   * Specialization * Absolute Advantage * Comparative Advantage * Barter * Medium of Exchange * Use Value * Exchange Value * Labour Theory of Value * Relative Prices * Real Prices * Money (Nominal) Prices * Purchasing Power * Credit * Savings * Investment * Financial Intermediation   **Further Reading**  Freedman, C. and Engert, W. (2003) Financial Developments in Canada: Past Trends and Future Challenges *Bank of Canada Review* (Summer) [http://www.bankofcanada.ca/wp- content/uploads/2010/06/engerte.pdf](http://www.bankofcanada.ca/wp-%20content/uploads/2010/06/engerte.pdf) |

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| **TOPIC 3: Money** | |
| **Session 3A. Core Concepts** | **Session 3B. Current Issue** |
| **Agenda**   1. Conceptions of Money: as Medium of Exchange; as Credit 2. Measures of the money supply (empirical definitions of money): M1, M2, M2++ etc. 3. Characteristics of Money   **Key Questions**   1. What is money? 2. Why are there different measures of the money supply? 3. When/under what conditions is “money” accepted so widely as a means of payment and measure of value? How does this acceptance happen?   **Video (tbc)**  Niall Ferguson (2009) The importance of money and credit as a measure of trust. *The Ascent of Money*  **Recommended Readings**  Bank of Canada (2012) *What is Money?*  <http://www.bankofcanada.ca/wp-content/uploads/2010/11/what_is_money.pdf>  Bank of Canada (2012) *Canada’s Money Supply* <http://www.bankofcanada.ca/wp-content/uploads/2010/11/canada_money_supply.pdf>  Steve Keen, (2015) What is money and how is it created? *Forbes Magazine On line* (2/28/2015) <https://www.forbes.com/sites/stevekeen/2015/02/28/what-is-money-and-how-is-it-created/#1e61c7c57df4>  **Further Reading:**  Ingham, Geoffrey (2004) “Money’s Puzzles and  Paradoxes” pp3-10 in Ch. 1 Introduction to *The*  *Nature of Money* (Cambridge UK: Polity Press)  Bank of Canada (2013) *Large Value Transfer* System [http://www.bankofcanada.ca/wp- content/uploads/2010/11/large\_value\_transfer\_syste m.pdf](http://www.bankofcanada.ca/wp-%20content/uploads/2010/11/large_value_transfer_syste%20m.pdf)  Powell, J. (2005) *A History of the Canadian Dollar*  Bank of Canada [http://www.bankofcanada.ca/wp- content/uploads/2010/07/dollar\_book.pdf](http://www.bankofcanada.ca/wp-%20content/uploads/2010/07/dollar_book.pdf) | **Key Question**  Is the crypto-currency Bitcoin “money”?  **Activities**   1. Video 2. Large Group Development of sub-questions needed to answer Key Question 3. Small Group discussion of sub-questions 4. Large Group Roundup   **Video**  Paul Kemp-Robertson (2013) “Bitcoin. Sweat. Tide. Meet the future of branded currency.”  <https://www.ted.com/talks/paul_kemp_robertson_bitcoin_sweat_tide_meet_the_future_of_branded_currency#t-630581>  **Recommended Readings**  Bank of Canada (2014) *What is E-Money?* <http://www.bankofcanada.ca/wp-content/uploads/2014/04/E-Money-Backgrounder.pdf>  Bank of Canada (2014) *Decentralized E-Money*  <http://www.bankofcanada.ca/wp-content/uploads/2014/04/Decentralize-E-Money.pdf> |

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| **TOPIC 4: Foreign Exchange** | |
| **Session 4A. Core Concepts** | **Session 4B. Current Issue** |
| **Agenda**  1. Review of FX basics  2. Purchasing Power Parity  3. Interest Rate Parity  **Key Questions**   1. How is the foreign price (value) of a national currency determined? 2. How does the external price of the C$ affect the Canadian economy?   **Video (tbc)**  Niall Ferguson “China, America and the new global economy”  **Recommended Readings**  White, William R. (1994) The Implications of the FTA and NAFTA for Canada and Mexico <https://www.bankofcanada.ca/wp-content/uploads/2010/01/tr70.pdf>  Wilkins, Carolyn A. (2018) An Update on Canada’s Economic Resilience <https://www.bankofcanada.ca/2018/09/update-canadas-economic-resilience/>  Bank of Canada (2012) *The Exchange Rate* <http://www.bankofcanada.ca/wp-content/uploads/2010/11/exchange_rate.pdf>  Bank of Canada (2010) Intervention in the Foreign Exchange Market <https://www.bankofcanada.ca/wp-content/uploads/2010/11/intervention_foreign_exchange.pdf>  **Further Reading:**  Powell, J. (2005) *A History of the Canadian Dollar*  Bank of Canada <http://www.bankofcanada.ca/wp-content/uploads/2010/07/dollar_book.pdf> | **Key Question**  How will NAFTA trade negotiations affect the C$-US$ exchange rate?  **Activities**  Small Group Debate Preparation  Large Group Speed Debate  **Small Groups**  Affirmative Teams:  1) Primary Argument; 2) Rebuttal  Negative Teams:  1) Primary Argument; 2) Rebuttal  **Preparation (20 minutes)**  A1 groups develop Primary Arguments  A2 groups anticipate primary Negative Arguments and prepare Rebuttal  N1 groups develop Primary Arguments  N2 groups anticipate primary Affirmative Arguments and prepare Rebuttal  **Instructions**  In small groups, discuss and prepare one or two arguments supporting (Affirmative Teams) or opposing (Negative Teams) the following Resolution.  **Resolution to be debated:**  Canadian dollar will gain value if NAFTA deal reached.  **Structure of Class Debate (45 minutes)**   1. Representatives from A1 groups have 1 minute to present an argument. 2. Representatives from N1 groups have 1 minute to present an argument. 3. Representatives from A2 groups have 1 minute to present a summary or rebuttal. 4. Representatives from N2 groups have 1 minute to present a summary or rebuttal.   **Debate Conclusion (20 minutes)**  All non-presenters form the Judges of the debate and present brief assessments of the strengths and weaknesses of evidence.  **Recommended Reading**  The Economist (2018) “Limiting the damage from the Donald” September 8, 2018 pp29-32 |

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| **TOPIC 5: Pricing Financial Instruments** | |
| **Session 5A. CORE CONCEPTS** | **Session 5B. VOCABULARY AND MECHANICS** |
| **Key Questions**   1. How might we design a contract that transfers purchasing power for facilitating capital goods production? 2. What are the defining characteristics of your financial contracts? How might we classify them? 3. What conditions would enable this contract to be traded in a financial market?   **Activities**  Small Groups – designing a contract to support the building of a capital good  Large Group Roundup  **Recommended Readings**  Canadian Security Administrators (undated) “Investments at a Glance”  <https://www.canada.ca/en/financial-consumer-agency/services/savings-investments/investing-basics.html>  **Further Reading**  Canadian Securities Administrators (2005) Characteristics of Various Types of Securities <http://www.ontla.on.ca/library/repository/on/11000/253941.pdf> | **Agenda**   1. Time Value of Money: Present Value Calculations 2. Vocabulary of Financial Returns  * Rate of Return * Interest Rate (Real, Nominal) * Discount Rate * Yield * Internal Rate of Return * Dividends * Expected Value  1. Changes in the Price of Marketable Financial Instruments; Factors that affect the Demand for and Supply of Financial Instruments   **Key Questions:**   1. Why are the Price of a Bond and its Rate of Return inversely related? 2. What is the “fundamental” value of a stock? 3. Why are Risk and Return “trade-offs”? 4. What are the main sources of risk? 5. Under what conditions does portfolio diversification reduce risk? 6. What can result in an increase in interest rates? 7. If interest rates increase, what might happen to housing prices? …to stock prices?   **Recommended Readings**  Spotton Visano, B. (2016) Introduction to Financial  Instruments: Characteristics and Definitions  **Further Reading**  European Central Bank (2005) Statistical Classification of Financial Markets Instruments <http://www.ecb.int/pub/pdf/other/statisticalclassificationfmi200507en.pdf>  Ross, S. (1995) Uses, Abuses, and Alternatives to the Net- Present-Value Rule *Financial Management*, Vol. 24, No. 3, (Autumn), pp. 96-102 |

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| **TOPIC 6: Interest Rates** | |
| **Session 6A. CORE CONCEPTS** | **Session 6B. CURRENT ISSUE** |
| **Agenda**   1. Basic Concepts of Interest & the Time Value of Money 2. Administrative versus Market Interest Rates 3. Yield Curve 4. Theories of the Term Structure of Interest Rates   **Key Questions**   1. What considerations affect the investor’s portfolio decision to invest (lend) in short versus long bonds? 2. What does an issuer consider when deciding to issue short versus long bonds? 3. Under what conditions might administrative and market interest rates move together?   **Recommended Readings:**  “Yield Curve” <https://en.wikipedia.org/wiki/Yield_curve>  Bank of Canada (various) Backgrounders: Target for the Overnight Rate  <http://www.bankofcanada.ca/wp-content/uploads/2010/11/target_overnight_rate_jan2016.pdf.pdf>  Bank Rate <http://www.bankofcanada.ca/wp-content/uploads/2010/11/bank_rate_sept2012.pdf>  Lending Rates <http://www.bankofcanada.ca/wp-content/uploads/2010/11/lending_rates.pdf>  How Monetary Policy Works: The Transmission of Monetary Policy <https://www.bankofcanada.ca/wp-content/uploads/2010/11/how_monetary_policy_works.pdf> | **Key Question**  What will interest rates be next year? What will they be in 5 years?  **Activities**  Small Groups:   1. Go to the Bank of Canada website ([www.bankofcanada.ca](http://www.bankofcanada.ca/)) and locate “Selected Bond Yields” 2. Plot the yield curve using most recent data. 3. Predict the value of the 1-year T-Bill rate and the 5-year Canada Bond rate for next year (i.e., October 2019). 4. Explain your prediction with reference to the Theories of the Term Structure of Interest Rates.   **Further Reading**  Fisher, I. (1930) *The Theory of Interest* NY: MacMillan, Part 1 Ch1 Money Interest and Real  Interest  [http://www.econlib.org/library/YPDBooks/Fisher/fs](http://www.econlib.org/library/YPDBooks/Fisher/fs%20) [hToI.html](http://www.econlib.org/library/YPDBooks/Fisher/fshToI.html)  Keynes, J.M. (1936) *The General Theory of Employment, Interest and Money*, Chapter 13 “The General Theory of Interest” <http://www.marxists.org/reference/subject/economics/keynes/general-theory/ch13.htm>    Culbertson, J.M. (1957) The Term Structure of Interest Rates *The Quarterly Journal of Economics*, Vol. 71, No. 4. (Nov.), pp. 485-517. JSTOR |

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| **TOPIC 7: Financial Intermediation** | |
| **Session 7A. (Topic 6 continued)** | **Session 7B. CORE CONCEPTS** |
| See Interest Rate section above Topic 6. | **Agenda**  1. Qualitative Asset Transformation: Transforming Terms, Income Streams, Maturities, and Liquidities  2. Sources and Uses of Funds in an Institution’s  Portfolio  3. Asset Allocation and Investment Objectives  4. Adverse Selection  5. Moral Hazard  **Key Questions**  1. What is “intermediation”?  2. What are the benefits of intermediation?  3. What is a financial intermediary?  4. What principles should guide the portfolio allocation of a deposit-taking intermediary?  **Recommended Readings**  Tobin, J. (1991) “Financial Intermediaries” in  Eatwell, J., M. Milgate, and P. Newman, Eds., *The World of Economics* (New York: The Macmillan Press) |

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| **TOPIC 8: Regulation of the Financial System** | |
| **Session 8A. Core Concepts** | **Session 8B. Current Issue** |
| **Agenda**   1. Goals of Regulation 2. Canadian Examples: Bank Act, Deposit Insurance 3. Regulation and the Evolution of Canada’s Financial Institutions   **Key Questions**  1. What is a bank?  2. How is it regulated?  **Recommended Readings**  Spotton Visano, B. "Banking Industry." *International Encyclopedia of the Social Sciences*. Ed. William A. Darity, Jr. 2nd ed. Vol.1. Detroit: Macmillan Reference USA, 2008. 250-254.  Bank of Canada (2012) Regulation of the Canadian Financial System <http://www.bankofcanada.ca/wp-content/uploads/2010/11/regulation_canadian_financial.pdf>  Freedman, C. (1998). The Canadian banking system (No. 81). Ottawa: Bank of Canada. <https://www.banqueducanada.ca/wp-content/uploads/2010/01/tr81.pdf>  Hasselback, Drew (2016) “How to build a bank” Financial Post (24Feb2016) <http://business.financialpost.com/news/fp-street/how-to-build-a-bank>  **Further Reading**  Chartered bank assets and liabilities: Selected seasonally adjusted series <https://www.bankofcanada.ca/rates/banking-and-financial-statistics/>  Canadian Bankers Association (2016) Global Banking Regulations and Banks in Canada  <https://www.cba.ca/global-banking-regulations-and-banks-in-canada> | **Activities**  Small Group Debate Preparation  Large Group Speed Debate  **Key Question**  Canadian banks are heavily regulated. Is it better to simplify entry requirements, eliminate deposit insurance and reduce bank capital requirements to promote competition and make banks more efficient?  **Small Groups**  Affirmative Teams:  1) Primary Argument; 2) Rebuttal  Negative Teams:  1) Primary Argument; 2) Rebuttal  **Preparation (20 minutes)**  A1 groups develop Primary Arguments  A2 groups anticipate primary Negative Arguments and prepare Rebuttal  N1 groups develop Primary Arguments  N2 groups anticipate primary Affirmative Arguments and prepare Rebuttal  **Instructions**  In small groups, discuss and prepare one or two arguments supporting (Affirmative Teams) or opposing (Negative Teams) the following Resolution.  **Resolution to be debated:**  Bank regulations should be eliminated.  **Structure of Class Debate (45 minutes)**  1. Representatives from A1 groups have 1 minute to present an argument.  2. Representatives from N1 groups have 1 minute to present an argument.  3. Representatives from A2 groups have 1 minute to present a summary or rebuttal.  4. Representatives from N2 groups have 1 minute to present a summary or rebuttal. |

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| **TOPIC 9: Central Banking and Financial Stability** | |
| **Session 9A. Core Concepts** | **Session 9B. Current Issue** |
| **Agenda**  1. Videos  2. Class discussion  **Video**  “Bank of Canada: Count on Us” <https://www.youtube.com/watch?v=ULqvuY2penk>(10 min)  Rocco Galati and the lawsuit against the Bank of Canada (2015) [https://www.youtube.com/watch?v=4ZuIKXXtQN0](https://www.youtube.com/watch?v=4ZuIKXXtQN0%20) (17 min)  **Key Questions**   1. What are the primary functions of a central bank? 2. What should be the primary purpose of the Bank of Canada?   **Recommended Readings** <https://www.bankofcanada.ca/core-functions/>(including sub-pages on each of the 4 core functions) | **Key Questions**  Why didn’t Canada have a banking crisis in 2008? What are the key areas of concern for Canadian bank regulators now?  **Recommended Readings**  Haltom, R. (2013) “Why Was Canada Exempt from the Financial Crisis?” Econ focus, St Louis Federal Reserve Bank [https://www.richmondfed.org/~/media/richmondfed org/publications/research/econ\_focus/2013/q4/pdf/f eature2.pdf](https://www.richmondfed.org/~/media/richmondfed%20org/publications/research/econ_focus/2013/q4/pdf/f%20eature2.pdf)  Bank of Canada (2018) “Assessment of  Vulnerabilities and Risks” in Financial System Review  [https://www.bankofcanada.ca/wp- content/uploads/2018/06/fsr-june2018.pdf](https://www.bankofcanada.ca/wp-%20content/uploads/2018/06/fsr-june2018.pdf)  **Further Reading**  Full timeline [of the 2007-2009 financial crisis] Federal Reserve Bank of St Louis  <https://www.stlouisfed.org/financial-crisis/full->[timeline](https://www.stlouisfed.org/financial-crisis/full-timeline)  Bordo, M. D., Redish, A., & Rockoff, H. (2015). Why didn't Canada have a banking crisis in 2008 (or in 1930, or 1907, or…)?. The Economic History Review, 68(1), 218-243. **Sections IV-VI: pp. 230-242** |

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| **TOPIC 10: Fintech & Financial Disintermediation** | |
| **Session 10A. CURRENT ISSUE** | **Session 10B. CORE CONCEPTS** |
| **Agenda**  Video  Fintech: Definitions, Examples  Mapping Fintech onto the Existing Financial System  **Key Question**  1. What is Fintech?  2. What or where is Fintech poised to disrupt traditional financial structures?  **Video**  Fintech: Silicon Valley Takes On Wall Street (Apr 21, 2015) [https://www.vlab.org/portfolio-items/fintech/](https://www.vlab.org/portfolio-items/fintech/%20) (first 21 mins)  **Recommended Reading**  PwC (2016) Blurred lines: How FinTech is shaping  Financial Services <https://www.pwc.de/de/newsletter/finanzdienstleistung/assets/insurance-inside-ausgabe-4-maerz-2016.pdf>  **Further Reading**  Dan Breznitz, David A. Wolfe, Shiri Breznitz (2015) “Current State of the Financial Technology Innovation Ecosystem” <https://munkschool.utoronto.ca/ipl/files/2015/11/Current_State_Financial_Technology_Ecosystem_Toronto_Region-Final-for-Globe-EMBARGOED.pdf> | **Key Questions**  1. What principles should guide how we regulate the emerging financial system?  **Activities**   1. Small Groups: Derive the principles guiding financial regulation. Address the following questions.  * Why should we regulate? (Do we still need regulation?) * What should we regulate? * How should we regulate? * Who should be the regulator?  1. Large Group Roundup   **Recommended Reading**  He, M.D., Leckow, M.R.B., Haksar, M.V., Griffoli, M.T.M., Jenkinson, N., Kashima, M.M., Khiaonarong, T., Rochon, M.C. and Tourpe, H., (2017). *Fintech and financial services: initial considerations*. International Monetary Fund.(excluding Appendices)  [https://www.imf.org/en/Publications/Staff- Discussion-Notes/Issues/2017/06/16/Fintech-and- Financial-Services-Initial-Considerations-44985](https://www.imf.org/en/Publications/Staff-%20Discussion-Notes/Issues/2017/06/16/Fintech-and-%20Financial-Services-Initial-Considerations-44985) |

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| **TOPIC 11: TBD by the students** | |
| **Session 11A. Current Issue** | **Session 11B. Analysis** |
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**ACADEMIC POLICIES / INFORMATION**

The Senate Academic Standards, Curriculum and Pedagogy (ASCP) provides a [Student Information Sheet](http://www.yorku.ca/secretariat/senate/committees/ccas/documents/Course%20Outline%20-%20Student%20%20Info%20Sheet%20-%20March%2027-06.htm) that includes:

* [York's Academic Honesty Policy](http://www.yorku.ca/secretariat/policies/document.php?document=69) and Procedures / [Academic Integrity Web site](http://www.yorku.ca/tutorial/academic_integrity/)
* [Access/Disability](http://www.yorku.ca/disabilityservices)
* [Ethics Review Process](http://www.yorku.ca/secretariat/policies/document.php?document=94) for Research Involving Human Participants
* [Religious Observance Accommodation](https://w2prod.sis.yorku.ca/Apps/WebObjects/cdm.woa/wa/regobs)
* [Student Code of Conduct](http://www.yorku.ca/oscr/)

Additional information:

* [Academic Accommodation for Students with Disabilities](http://www.yorku.ca/secretariat/policies/document.php?document=68)
* [Alternate Exam and Test Scheduling](http://www.yorku.ca/altexams/)
* [Grading Scheme and Feedback Policy](http://www.yorku.ca/secretariat/policies/document.php?document=86)  
  *The Senate Grading Scheme and Feedback Policy stipulates that (a) the grading scheme (i.e. kinds and weights of assignments, essays, exams, etc.) be announced, and be available in writing, within the first two weeks of class, and that, (b) under normal circumstances, graded feedback worth at least 15% of the final grade for Fall, Winter or Summer Term, and 30% for ‘full year’ courses offered in the Fall/Winter Term be received by students in all courses prior to the final withdrawal date from a course without receiving a grade.*
* Important University Sessional Dates (you will find classes and exams start/end dates, reading/co-curricular week, add/drop deadlines, holidays, University closings and more.  
  <http://www.registrar.yorku.ca/enrol/dates/index.htm>
* **"20% Rule"**  
  No examinations or tests collectively worth more than 20% of the final grade in a course will be given during the final 14 calendar days of classes in a term. The exceptions to the rule are classes which regularly meet Friday evenings or on Saturday and/or Sunday at any time, and courses offered in the compressed summer terms.
* Final course grades may be adjusted to conform to Program or Faculty grades distribution profiles.
* **Services for Mature and Part-time Students**  
  The Atkinson Centre for Mature and Part-time Students (ACMAPS) maintains and strengthens York University’s ongoing commitment to welcome and to serve the needs of mature and part-time students. For further information and assistance visit: <http://www.yorku.ca/acmaps>
* **Final Exam Conflicts:** If you encounter an exam conflict, consult the instructor. There are three types of undergraduate exam conflicts:

1. Two or more exams at the same time.
2. Three exams on the same calendar day.
3. Exams during three consecutive exam periods within 24 hours (for example: from 7 pm to 10pm, then from 9am to noon and from 2 to 5pm the following day).

* **Reappraisals** For reappraisal procedures and information, please visit the Office of the Registrar site at: <http://www.registrar.yorku.ca/grades/reappraisal>
* **Accommodation Procedures: Deferred Standing** Deferred standing may be granted to undergraduate students who are unable to write their final examination at the scheduled time or to submit their outstanding course work on the last day of classes. In order to apply for deferred standing, students must complete the *Final Exam/Assignment Deferred Standing Agreement Form* and reach an agreement directly with the course director for an alternate final examination date or for an extension to the deadline. For further information and copy of the DSA form, visit <http://www.registrar.yorku.ca/exams/deferred>