



FACULTY OF BUSINESS BACHELOR OF ACCOUNTING

LEARNING MODULE OUTLINE

Academic Year	2024/2025	Semester	2
Module Code	ECON2120-221		
Learning Module	Money and Banking		
Pre-requisite(s)	Nil		
Medium of Instruction	English		
Credits	3	Contact Hours	45 hours
Instructor	Adrian Lao	Email	hhlao@mpu.edu.mo
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MODULE DESCRIPTION

This course provides an introductory examination of money and banking. Emphasis will be placed on financial markets, bank management, central banking and the conduct of monetary policy, and monetary theory. Topics include: The Central Bank; commercial banking system; monetary theory; monetary policy; international monetary system; international coordination of monetary policies.

MODULE INTENDED LEARNING OUTCOMES (ILOS)

On completion of this learning module, students will be able to:

M1.	discuss what money and financial markets are;
M2.	analyze the behavior, risk structure and term structure of interest rates;
M3.	examine how banking is conducted to make a profit;
M4.	analyze the money supply process among central banks, commercial banks and depositors;
M5.	relate international monetary system to monetary policy;
M6.	evaluate the effects of monetary policy.



These ILOs aim to enable students to attain the following Programme Intended Learning Outcomes (PILOs):

PILOs	M1	M2	M3	M4	M5	M6
P1. Integrate the contemporary theories, principles of accounting and business disciplines relevant to general business practice.	✓	✓	✓	✓	✓	✓
P2. Assess general business scenarios with mathematical and statistical skills.	✓	✓	✓	✓	✓	✓
P3. Apply critical thinking and logical analysis skills and techniques to solve business problems.	✓	✓	✓	✓	✓	✓
P4. Interpret and analyze accounting information for internal control, planning, performance evaluation, and coordination to continuously improve business process.						
P5. Apply accounting or business software for business analysis.						
P6. Develop queries to assess management information from database to improve efficiency and effectiveness.						
P7. Synthesize the latest requirement of international accounting and auditing standards in preparing financial statements and auditing reports.						
P8. Utilize appropriate written and spoken forms to communicate effectively with stakeholders in various cultural environments.						
P9. Recommend an appropriate course of action by ethically examining the economic, environmental, political, legal and regulatory contexts of global business practice.					✓	✓
P10. Utilize the latest empirical findings and academic studies to support the recommendation of business projects.						



MODULE SCHEDULE AND COVERAGE

Week*	Content Coverage	Chapter	Contact Hours*
1	Why Study Money, Banking, and Financial Markets? <ul style="list-style-type: none">- Why Study Financial Markets?- Why Study Financial Institutions and Banking?- Why Study Money and Monetary Policy?- Why Study International Finance?- Money, Banking, and Financial Markets and Your Career- How We Will Study Money, Banking, and Financial Markets- Concluding Remarks	1	3
2	An Overview of the Financial System <ul style="list-style-type: none">- Function of Financial Markets- Structure of Financial Markets- Financial Market Instruments- Internationalization of Financial Markets- Function of Financial Intermediaries: Indirect Finance- Types of Financial Intermediaries- Regulation of the Financial System	2	3
3	What Is Money? <ul style="list-style-type: none">- Meaning of Money- Functions of Money- Evolution of the Payments System- Measuring Money	3	3
4	The Meaning of Interest Rates <ul style="list-style-type: none">- Measuring Interest Rates- The Distinction Between Interest Rates and Returns- The Distinction Between Real and Nominal Interest Rates	4	3
5	The Behavior of Interest Rates <ul style="list-style-type: none">- Determinants of Asset Demand- Supply and Demand in the Bond Market- Changes in Equilibrium Interest Rates- Supply and Demand in the Market for Money: The Liquidity Preference Framework- Changes in Equilibrium Interest Rates in the Liquidity Preference Framework- Money and Interest Rates	5	3
6	The Risk and Term Structure of Interest Rates <ul style="list-style-type: none">- Risk Structure of Interest Rates- Term Structure of Interest Rates	6	3
7	Banking and the Management of Financial Institutions <ul style="list-style-type: none">- The Bank Balance Sheet- Basic Banking- General Principles of Bank Management- Managing Credit Risk- Managing Interest-Rate Risk	9	3



	- Off-Balance-Sheet Activities		
8	Revision and Midterm Assessment/Test		3
9	Central Banks - Origins of the Central Banking System - Variations in the Functions and Structures of Central Banks	14	3
10	The Money Supply Process - Three Players in the Money Supply Process - The Fed's Balance Sheet - Control of the Monetary Base - Multiple Deposit Creation: A Simple Model - Factors That Determine the Money Supply - Overview of the Money Supply Process - The Money Multiplier	15	3
11-12	The Foreign Exchange Market - Foreign Exchange Market - Exchange Rates in the Long Run - Exchange Rates in the Short Run: A Supply and Demand Analysis - Explaining Changes in Exchange Rates	18	4.5
12-13	The International Financial System - Intervention in the Foreign Exchange Market - Balance of Payments - Exchange Rate Regimes in the International Financial System	19	4.5
14	Monetary Policy Theory - Response of Monetary Policy to Shocks - How Actively Should Policymakers Try to Stabilize Economic Activity? - Inflation: Always and Everywhere a Monetary Phenomenon - Causes of Inflationary Monetary Policy	24	3
15	Final Exam (All Chapters)		3
	Total		45

*This may be adjusted according to the actual progress in class.



TEACHING AND LEARNING ACTIVITIES

In this learning module, students will work towards attaining the ILOs through the following teaching and learning activities:

Teaching and Learning Activities	M1	M2	M3	M4	M5	M6
T1. Interactive Lectures <ul style="list-style-type: none">Lectures: In-depth coverage of money and banking is presented with slides and other additional illustration materials if necessary.Q&As: Time is allowed to raise questions from both sides (instructor and students).	✓	✓	✓	✓	✓	✓
T2. In-Class Discussions and Exercises <ul style="list-style-type: none">In-class discussions and exercises will be used to enhance students' understanding of both theories and applications related to money and banking.	✓	✓	✓	✓	✓	✓

ATTENDANCE

Attendance requirements are governed by the Academic Regulations Governing Bachelor's Degree Programmes of the Macao Polytechnic University. Students who do not meet the attendance requirements for the learning module shall be awarded an 'F' grade.

ASSESSMENT

In this learning module, students are required to complete the following assessment activities:

Assessment Activities	Weighting (%)	ILOs to be Assessed
A1. Participation (Q&As/Exercises/Discussions)	5%	M1 – M6
A2. Assignment(s) and/or Quiz(zes)	25%	M1 – M4
A3. Midterm Assessment/Test	20%	M1 – M3
A4. Final Exam	50%	M1 – M6
Total	100%	

The assessment will be conducted following the University's Assessment Strategy (see www.mpu.edu.mo/teaching_learning/en/assessment_strategy.php). Passing this learning module indicates that students will have attained the ILOs of this learning module and thus acquired its credits.



MARKING SCHEME

For this learning module, the following grading system of Macao Polytechnic University is adopted:

Letter Grade	Mark Ranges	Grade Point	Grade Definition
A	93–100	4.0	Excellent
A-	88–92	3.7	
B+	83–87	3.3	Very Good
B	78–82	3.0	Good
B-	73–77	2.7	
C+	68–72	2.3	Satisfactory
C	63–67	2.0	
C-	58–62	1.7	
D+	53–57	1.3	Pass
D	50–52	1.0	
F	0–49	0	Fail

REQUIRED TEXTBOOK

Mishkin, F.S. (2021). *The Economics of Money, Banking, and Financial Markets* (13th edition). Pearson.

REFERENCES

Ball, L.M. (2012). *Money, Banking, and Financial Markets* (2nd edition). Worth Publishers.

Mishkin, F.S. (2014). *The Economics of Money, Banking, and Financial Markets* (3rd Business School Edition). Pearson.

The Economist

<http://www.federalreserve.gov>

<http://www.pearson.com>

STUDENT FEEDBACK

At the end of every semester, students are invited to provide feedback on the learning module and the teaching arrangement through questionnaires. Your feedback is valuable for instructors to enhance the module and its delivery for future students. The instructor and programme coordinators will consider all feedback and respond with actions formally in the annual programme review.

ACADEMIC INTEGRITY

The Macao Polytechnic University requires students to have full commitment to academic integrity when engaging in research and academic activities. Violations of academic integrity, which include but are not limited to plagiarism, collusion, fabrication or falsification, repeated use of assignments and cheating in examinations, are considered as serious academic offenses and may lead to disciplinary actions. Students should read the relevant regulations and guidelines in the Student Handbook which is distributed upon the admission into the University, a copy of which can also be found at www.mpu.edu.mo/student_handbook/.