



NYU  STERN  
The Financial System (MULT-UB.0027)  
Professor Stanley E. Zin  
Spring 2014

## About the course

Recent global financial turbulence has demonstrated both how important the financial system is to the world economy and how complex it is. Financial systems are centered on key institutions, instruments and markets. But they also involve governments, public policy and regulation. They span the globe from the US, the EU, Japan, Russia, China and the Emerging Markets. In critical ways, country-level financial architectures are integrating to form a more seamless, high-performance whole. This is good for efficiency, innovation and growth, yet it also amplifies problems during times of crisis.

This course provides students with a broad and rigorous understanding of

- How the global financial system works and what purposes it serves,
- What the major elements are and how they operate, and
- What challenges the global financial system creates for public policy makers.

In seeking to achieve these objectives, this broad-gauge course provides a perspective that helps students understand and make the most of their own professional opportunities. Along with a working knowledge of the global macroeconomy, foundations of finance and corporate finance, this course will be extremely helpful for students as a lens to focus on the key dimensions of the modern business environment.

## Instructor

Stanley E. Zin is the William R. Berkley Professor of Economics and Business, and Chairman of Economics Department at Stern. He also holds appointments in the Stern Finance Department, the Faculty of Arts & Sciences Economics Department, and is a Research Associate of the National Bureau of Economic Research in Cambridge, MA. He has extensive teaching experience in corporate finance, investments, derivatives, as well as macroeconomics, and prior to joining NYU he taught at the Tepper School of Business at Carnegie Mellon University, where he was a two-time teaching award winner, The Wharton School at the University of Pennsylvania, the University of California San Diego, and Queen's University in Kingston, Canada. His primary area of research lies at the intersection of macroeconomics and financial markets, and he has served as a consultant to the Federal Reserve along with a variety of businesses in the financial services industry.

The fastest and best way to contact me about this class is via email to [stan.zin@nyu.edu](mailto:stan.zin@nyu.edu). My office is KMEC 7-91 and my office hours for this class will be Mondays, 4:30-5:30pm, or by appointment. (Any last-minute changes will be announced through NYUClasses.)

## Course Schedule

MULT-UB.0027 (Section 01) will meet on Mondays and Wednesdays from 9:30am to 10:45am in KMEC 4-80. Please be on time for class. Attendance is not optional.

## Required textbook

*Money, Banking and Financial Markets (3<sup>rd</sup> Edition)*, by Stephen G. Cecchetti and Kermit L. Schoenholtz, McGraw-Hill Irwin, 2011.

The material in this book, combined with current events, will form the core of what is covered in class meetings, homework assignments and tests.

## Other Readings

The Economist is a weekly business, finance and economics periodical published in London. Each issue has a "Finance and Economics" subsection containing 6 or 7 short articles about current issues in financial markets and institutions around the world. You are expected to read these articles each week and be prepared to discuss them in class.

## Course Requirements, Tests and Grades

There will be two in-class midterm tests and one final presentation of a group project at the end of the semester. (Details of this project will be made available shortly.) There are 6 homework assignments spread out across the semester. As these are intended primarily as a method to review material covered in class and in the textbook, these assignments will be graded such that a "good faith effort" will earn full credit. Attendance in class is required and class participation beyond attendance (including the Discussion Board) will influence your course grade in (in both directions). There will be no make-up for midterm tests, which are required of all students. If a student obtains prior approval from the professor to be excused from the midterm due to a documented serious illness or the equivalent, the weight on the other components of the course will be increased accordingly. Weights for each component are:

Class Participation:	10%
Assignments:	10%
Midterm Test #1:	30%
Midterm Test #2:	30%
Group Project:	20%

## NYUClasses

Aside from the textbook, everything you need for this course will be posted to NYUClasses: supplemental lecture notes, assignments, slides, and links to information sources. (Slides are posted, but photocopies will also be distributed at the beginning of each class.) The course Discussion Board as well as the Gradebook are also maintained through NYUClasses.

## **Academic Integrity**

Integrity is critical to the learning process and to all that we do here at NYU Stern. As members of our community, all students agree to abide by the NYU Stern Student Code of Conduct, which includes a commitment to: (a) Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage. (b) Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced. (c) Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

The entire Stern Student Code of Conduct applies to all students enrolled in Stern courses and can be found here: [www.stern.nyu.edu/uc/codeofconduct](http://www.stern.nyu.edu/uc/codeofconduct)

To help ensure the integrity of our learning community, all assignments that you submit via the course's NYU Classes website will be routed through Turnitin, which will compare your submission to a database of prior submissions, current and archived Web pages, periodicals, journals, and publications. Your document will automatically become part of the Turnitin database.

## **Students with Disabilities**

If you have a qualified disability and will require academic accommodation of any kind during this course, you must notify the instructors at the beginning of the course and provide a letter from the Moses Center for Students with Disabilities (CSD) at Tel. (212) 998-4980 or [www.nyu.edu/csd](http://www.nyu.edu/csd)) verifying your registration and outlining the accommodations the Center staff recommends. If you will need to take a test at the CSD, you must submit a completed Exam Accommodations Form (EAF) to them at least one week prior to the scheduled test time to be guaranteed the alternative venue.

## Class Schedule

Class	Date	Topic	Textbook Chapters	Assignments
1	Mon, Jan 27	Introduction	1	
2	Wed, Jan 29	Money and the Financial System	2	
3	Mon, Feb 3	Financial Instruments, Markets and Institutions	3	
4	Wed, Feb 5	The Economics of Intermediation	11, 12	
5	Mon, Feb 10			HW #1 Due
6	Wed, Feb 12	The Financial Services Industry	13	
	Mon, Feb 17	No Class (Presidents Day)		
7	Wed, Feb 19	The Financial Services Industry, cont'd	13	
8	Mon, Feb 24	Financial Regulation	14	
9	Wed, Feb 26			
10	Mon, March 3	Financial Crises	7	HW #2 Due
11	Wed, March 5			
12	Mon, March 10	Review for Midterm		
13	<b>Wed, March 12</b>	<b>Midterm #1</b>		
	Mon, March 17	No Class (Spring Break)		
	Wed, March 19			
14	Mon, March 24	Central Banks	15, 16	
15	Wed, March 26			
16	Mon, March 31	Monetary Policy	17	HW #3 Due
17	Wed, April 2			
18	Mon, April 7	Financial Stability	18	
19	Wed, April 9			
20	Mon, April 14	Foreign Currency Exchange	10, 19	HW #4 Due
21	Wed, April 16			
22	Mon, April 21	The ECB and the Euro Crisis	TBA	
23	Wed, April 23			
24	Mon, April 28	Review for Midterm		
25	<b>Wed, April 30</b>	<b>Midterm Test #2</b>		
26	Mon, May 5	<b>Group Presentations</b>		
27	Wed, May 7			
28	Mon, May 12			