



FIN*3500
Money, Credit and the Financial System
Winter 2025
Credit Weight 0.50

General Course Information

Instructor:	Dr. Lysa Porth
<i>Email</i>	lporth@uoguelph.ca
<i>Office Location</i>	Remote (Teams) – contact me by email
<i>Office Hours</i>	By appointment
<i>Department/School</i>	Department of Economics and Finance
Class Schedule:	M/W 1:00 PM - 2:20 PM MCKN, 031 LEC
Pre-requisites:	FIN*2000 , ECON*2410

Course Description

The objectives of this course are to develop a better understanding of the Canadian financial system as it concerns the nature and role of the payments system and credit markets and the financial institutions and arrangements which facilitate their operation. Overall the course offers a comprehensive examination of the Canadian monetary and financial system: its theoretical foundations, structure, institutions and operations.

Course Learning Outcomes

Skills

- 1) Written communication—each test will have a take-home short answer essay question you will prepare. It will be graded with the usual essay writing criteria except for the requirement of a bibliography using Turnitin. Your report will be graded as a report and submitted to Turnitin as well.
- 2) Numerical problem solving—NPV analysis and various methods of risk analysis used by banks.
- 3) Problem solving in a real world context—You will apply the economic models learned in this course in a final report which gives advice to a chartered bank.

Knowledge

- 1) Microeconomic modelling: Apply inter-temporal substitution indifference curve analysis, the supply and demand framework for the bond and loanable funds markets, term structure of interest rates, futures and option pricing, issues of asymmetric information.
- 2) Macroeconomic modelling: Analyze money creation and money multipliers, Bank of Canada governance and activities (especially through the LVTs), the liquidity preference model, the quantity theory of money.
- 3) Specific markets: Understand the institutions and workings of the money, bond, credit (including mortgages), and financial derivatives markets.
- 4) Historical context: Create an essay which will address some issue from a historical perspective.
- 5) Economic Policy: Understand the role of regulation and regulators (ex OFSI, CSC, CDIC) in the financial system.
- 6) Asset pricing and risk analysis: Analyze bond, mortgages and derivative valuations. Understand the means central banks and commercial banks use to mitigate risk, specifically the risk due to asymmetric information.

Course Assessment

Type		Details	Associated Learning Outcomes	Due Date/ location
MELs	10%	10 Mels	All under knowledge	Due Saturday nights at 11:59 pm
Midterms	40%	Two midterms worth 20% each.	All	Wednesday February 12th and Monday March 31st, in class.
Group Report and Video presentation	10%	Half of the grades are for the report and half for the presentation	All skills and K3, K5 and K6	The report and video presentation are due Wednesday March 5th at 11:59 pm.

Final Report	40%	Report to a particular Chartered bank	All	Thursday April 17th at 10:30 am
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Course Resources

Required Text: Frederic S. Mishkin, Apostolos Serletis, The Economics of Money Banking and Financial Markets, Pearson, 8th Edition with MYLAB (Required).

This book may be purchased with a digital access code. ISBN: 9780137842476
NEW - \$112.00

[\(AC\) EBOOK ECONOMICS OF MONEY, BANKING, AND FIN. MARK. W/MYLAB](#)

We will cover chapters 1 to 6, 8-13 and 20 in the textbook. (Supplementary readings will be recommended and placed on Courselink.)

Note: Some of this material will be assigned but not taught in class.

Some material will be in class but not in any readings. It is important you attend class.

Course Policies

Quizzes:

MELs are due on Saturday nights starting January 18th. You have 2 attempts per quiz. MELs cover chapters 2/3, 4, 5/20, 6, 8, 9, 10, 12, 13.

Midterms:

- 1) Midterms will take place in the face-to-face class.
- 2) If you miss a midterm due to medical or compassionate reasons, a make up will be scheduled with the TA invigilating. No reweighting of the midterms to the group project or final paper is permitted.

Group Report and Video:

- 1) Group Formation: You can form your own groups with friends if desired. Use the Groups tab on the navbar to organize.
- 2) Non-Participation: If a group member fails to contribute to the report or video despite multiple documented attempts to contact them, you may request their removal. Email me with all group members cc'd (excluding the individual being removed). I will either reassign them to another group or adjust their final report requirements to include an additional written component.
- 3) Submission Requirements: Submit your group's video presentation to the Dropbox on Courselink. If using MS Teams to record, ensure the video permissions are set to allow access within the institution, or I will not be able to view it.

Guest Speakers:

You are required to attend the guest speaker sessions. Attendance will be taken and the material will be tested on the two midterms.

Final Report:

Details will be provided after the group work is completed. You will apply concepts from later chapters to analyze a specific chartered bank, with the report length between 2,000 and 2,500 words. I recommend using the same chartered bank from your group assignment to enhance the quality of your final report.

University Policies

Academic Consideration

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for Academic Consideration:

https://www.uoguelph.ca/registrar/calendars/graduate/current/genreg/sec_d0e2180.shtml

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Graduate Calendar:

https://www.uoguelph.ca/registrar/calendars/graduate/current/genreg/sec_d0e2630.shtml

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact Student Accessibility Services as soon as possible.

For more information, contact SAS at 519-824-4120 ext. 56208 or email sas@uoguelph.ca or see the website: <https://wellness.uoguelph.ca/accessibility/>

Course Evaluation Information

Please refer to the [Course and Instructor Evaluation Website](#)

Recording of Materials

Presentations which are made in relation to course work—including lectures—cannot be recorded or copied without the permission of the presenter, whether the instructor, a classmate or guest lecturer. Material recorded with permission is restricted to use for that course unless further permission is granted.

Drop date

The last date to drop one-semester courses, without academic penalty, is April 4th, 2025 For regulations and procedures for Dropping Courses, see the Academic Calendar:

<https://www.uoguelph.ca/registrar/scheduleofdatesug>