Degree Applicable | Glendale Community College
February 2012

COURSE OUTLINE

Business Administration 135
Money and Banking

I. Catalog Statement

Business Administration 135 is a course designed to help students secure employment with investment banking houses, commercial banks, finance companies, stock and commodity exchanges, and securities dealers. It is a study of the American monetary system and American financial understanding of the Federal Reserve structure, monetary and fiscal policy, and the commercial banking process.

Units – 3.0
Lecture Hours –3.0

Prerequisite: None

II. Course Entry Expectations

Skills Level Ranges: Reading 5, Writing 5, Listening/Speaking 5, Math 1.

III. Course Exit Standards

Upon successful completion of the required coursework, the student will be able to:

1. explain the financial system in terms of basic monetary theory and policy
2. evaluate and explain the relationship between current monetary policy and current economic conditions
3. explain how the structure of the international financial system affects monetary policy.

IV. Course Content — Total Contact Hours = 48

A. Money and Credit — 2 hours
   1. Barter
   2. Early mediums of exchange
   3. Definitions of money
   4. Credit and credit instruments
   5. Value and price
   6. Function of banking
   7. Need for credit control

B. Monetary Standards — 2 hours
   1. Commodity standards
   2. Flat Standards

C. Money in the United states – Before 1934 2 hours

1. Money in the American colonies
2. Bland-Allison Act
3. Sherman Silver Purchase Act
4. Federal Reserve Act
5. Post war gold standards
6. Inflation Act of 1933

D. Money in the United States - Today 2 hours

1. Gold reserve Act of 1934
2. New monetary system
3. Bank deposits

E. Evolution of Banking 2 hours

1. Banking of antiquity
2. Banking on roman times
3. Money lending in the dark Ages
4. Banks of the 17^{th} and 18^{th} centuries
5. Colonial banking
6. Banking developments prior to the Civil War

F. American Banking institutions 3 hours

1. The 19^{th} century
2. Safety fund and free banking
3. Band secured notes
4. Independent Treasury system
5. Present banking institutions
6. Government banking institutions

G. Organizing a Bank 2 hours

1. Motives for organizing a new bank
2. Prerequisites for a successful bank
3. Locating the bank
4. Procedures of organization
5. Changing from state to National Charter
6. Closing a bank

H. Bank Notes and Deposits 3 hours

1. Notes and deposits compared
2. Qualities of good bank notes
3. Federal Reserve Act and National bank notes
4. The deposit function
5. Federal deposit insurance
6. Failure of insured banks

I. Loans and Discounts 2 hours
1. Character of deposits
2. Business cycles
3. Self-liquidity vs. shiftability
4. Prohibited loans
5. Group and branch bank credits

J. Credit Department 2 hours
1. Services of the credit department
2. Sources of credit information
3. Work of the credit investigator
4. Relation of the credit department to other departments
5. Group and branch bank credits

K. Bank Investment 3 hours
1. Role of investments
2. Borrowing on investments
3. Real estate loans

L. Interbank Relations 2 hours
1. Local clearings
2. Other cleaning house functions
3. Pros and cons of branch banking
4. The role of group banking

M. The Federal Reserve System 3 hours
1. Functions of reserve banks
2. Advances to non-member banks
3. Open market operations
4. Fiscal agents for the government
5. Treasury deposits
6. Foreign deposits

N. Credit control in the United States 3 hours
1. Powers of reserve authorities
2. Managed currency
3. Credit control in wartime

O. Financing the consumer 2 hours
1. The average person and credit
2. Survey of personal credit institutions

P. Savings Banking 3 hours
1. Nature of savings banking
2. Mutual savings bank operation
3. Investments of savings banks

Q. International Trade and Transactions 3 hours
1. Economic basis of International trade
2. Balance-of-payments
3. United States balance-of-payment

R. International Monetary Problems 2 hours
1. International trade and domestic economy
2. Fixed vs. flexible exchange rates
3. International monetary developments since World War II
4. IMF and IBRD
5. Special Drawing rights

S. Understanding Money (Real World Focus) 3 hours
1. Stocks and Bonds
2. Measuring the health of the economy
3. Changing value of money

T. Recent Issues in Finance 2 hours
1. S & L crisis: costs and lessons
2. Story of junk bonds
3. Banking in 2000 AD

V. <u>Methods of Presentation</u>

The following instructional methodologies may be used in the course:
1. Lecture/demonstration
2. Interactive discussion
3. Hands-on activities and exercises
4. Online

VI. <u>Assignments and Methods of Evaluation</u>
1. Quizzes
2. Midterm Exam
3. Final Exam

VII. <u>Textbook</u>

Robert Eyler, Money and Banking, 1st edition
Boca Raton, FL: Rutledge Taylor and Francis Group, 2009
11th grade Textbook reading level, ISBN: 978-0-415-77547-2

VIII. <u>Student Learning Outcomes</u>

Upon successful completion, the student will be able to:

1. explain the financial system in terms of basic monetary theory and policy
2. evaluate and explain the relationship between current monetary policy and current economic conditions
3. explain how the structure of the international financial system affects monetary policy.