

KOREA ADVANCED INSTITUTE OF SCIENCE AND TECHNOLOGY
Graduate School of Finance

FMB 680

**FISCAL, MONETARY POLICY AND FINANCIAL
REGULATION**

Fall 2015 (2nd Half Week)

Instructor: Professor KWANGWOO PARK, Ph. D.
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Text: i) The Economics of Money, Banking, and Financial Markets, 10th edition, by Frederic Mishkin, Pearson Education, 2013, and ii) Online Reader to accompany Mishkin's text at www.pearsonglobaleditions.com/mishkskin .

Course Goal: This course is designed to help you understand fiscal policy, monetary policy, and financial regulation where successful interactions between financial institutions and the financial markets are crucial. To achieve the goal of this course effectively, we seek to bridge the gap between practitioners and academicians by applying theory to practice.

The learning objectives of this course are:

1. Student will produce professional business documents.
2. Students will demonstrate effective interpersonal communication in a team setting.
3. Students will use appropriate analytical tools to identify problems in financial policy and regulation and develop a solution.

Course Introduction: We first examine theory of banking and macro-economy. Then, thoughtful application to the “real world” is facilitated by exploring the financial institutions industry and discussing cases and articles.. Issues regarding the internationalization of financial markets and international financial regulation such as Basel 3 are also discussed to comply with the importance of these topics. Finally, issues continuously in the news and the subject of vigorous banking policy debate will be discussed.

Grading: There are 100 total points in the class and they are distributed as follows:

Review Reports	15 points	3 reports
Presentation	15 points	1 presentation
Exam	40 points	Week 8
Term Paper	30 points	Due Dec 28 th 5 PM

Grade Distribution: A(+,0,-): 40~60%, B(+,0,-):40~60%, C: 0~20%

Test: You are responsible for the materials covered in the class *and* in the textbook. The exam will be a combination of problem solving and short essay questions. Short essay questions will in part ask you to define and/or compare terms used in the text and in part ask you to answer specific issues we discussed in class.

Review Reports: You are required to write a review report on TWO outside speakers' talk. The appropriate length of a review report without cover page is double-spaced 2~3 pages, which at least include the summary and critiques of the speaker's presentation. Your critical evaluation of the article will add points on your article review. Each review report is worth 5 points.

Presentation: You are required to make a presentation on a finance policy issue of YOUR OWN COUNTRY such as monetary policy, deposit insurance, financial supervision, fiscal policy, etc. You should prepare PowerPoint presentation slides (less than 15) to present your work for about 10 minute-presentation. Please notify me your intention of presenting a specific topic as soon as possible. A presentation is worth 15 points.

Term Paper: You are required to write a term paper on one of the four subjects; i) evaluation of mergers in the financial services (or banking) industry around the world, or ii) the role of macro-economy, monetary policy, and the stock market, or iii) the new financial regulation in the banking industry including new Basel 3 Accord, or iv) the emergence of the FinTech industry. Detailed instructions will be followed during the early stage of the semester. The points for term paper writing and presentation are 30 points. The final term paper output may not be complete but should contain originality and significant implications in the related field. Upon approval by the instructor, you can choose

Academic Dishonesty: We follow all KAIST procedures on academic dishonesty. Students guilty of cheating will receive an F in the course and whatever additional disciplinary action the University imposes.

Assignments: (Subject to Change)

Week 1 (Oct. 26 & Oct. 28): Introduction

- Ch. 1 Why Study Financial Markets and Institutions?
- Ch. 2 An Overview of the Financial System
- Ch. 8 An Economic Analysis of Financial Structure

Week 2 (Nov. 2 & Nov. 4): The Role of Ministry of Finance: Fiscal Policy

- Ch. 21 Planned Expenditure and Aggregate Demand: The IS Curve

Outside Speaker (Nov. 4):

Tax Policy in Korea (By Dr. M.J. Han (한명진 기획재정부 국장), Ministry of Finance and Strategy)

Week 3 (Nov. 9 and Nov. 11): The Role of Central Banks: Monetary Policy

- Ch. 14 Central Banks: A Global Perspective
- Ch. 16 Conducts of Monetary Policy: Tools, Goals, and Targets

Outside Speaker (Nov. 11):

The Role of Central Banks around the World (By Dr. J.S. Bae (배준석 한국은행 금융제도팀장)), The Bank of Korea

Week 4 (Nov. 16 and Nov. 18): Financial Crises and Deposit Insurance

- Ch. 9 Financial Crises in Advanced Economies

Ch. 10 Financial Crises in Emerging Market Economies

Outside Speaker (Nov. 18):

Deposit Insurance around the World (By Dr. S.G. Oh (오승곤 예금보험공사 연구위원), Korea Deposit Insurance Corporation)

Week 5 (Nov. 23 and Nov. 25): International Collaboration in Financial Policy and Regulation

Ch. 14 International Financial System

Student Presentation (1)

Outside Speaker (Nov. 25):

International Collaboration to Cope with Climate Change and the Creation of a Green Climate Fund (GCF) (By Mr. Ousseynou Nakoulima, Director of Country Programming, GCF)

Week 6 (Nov. 30 and Dec. 2): International Financial Regulation

Ch. 12 Economic Analysis of Financial Regulation

Ch. 13 Banking Industry: Structure and Competition

Student Presentation (2)

Outside Speaker (Dec. 2):

The Prospect of Basel 3 Financial Regulation (By Dr. S.D. Jung(금융감독원 정신동 박사)), Financial Supervisory Service

Week 7 (Dec. 7 and Dec. 9): Monetary Policy Transmission Mechanism

Ch. 26 Transmission Mechanisms of Monetary Policy

Student Presentation (3)

Week 8 : 2-Hour Final Exam

Term Paper is Due Dec 28th 5 PM at the course Lecture Forum.