

ECON 6720-5001, Spring 2022
Central Banking and the Financial System
TuTh 9:30AM - 10:45AM Maurer Center 104

Administrative Details

Instructor: Dr. Isabel Zeng
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Office Hours: by appointments

Text

The course materials will include journal articles (see a list at the end of this syllabus), as well as everything discussed in class, slides/handouts, news articles and any other documents provided.

Course Description

This course will familiarize students with the role of central banks in the world's leading economies, provide an advanced examination of how monetary policy interacts with financial intermediaries with special emphasis on real events, and introduce statistical techniques in financial econometrics and macro-econometrics.

Class Structure and In-classroom Policy

1. This class is an in-person class unless the university changes its policy as the pandemic evolves.
2. If you need to Zoom into class due to sickness or quarantine, please make sure that you turn on your camera and actively engage in classroom discussion. No lectures will be recorded.

Special Covid Compliance

The instructor and students in this course will adhere to the University's COVID-19 Personal and Community Health Requirements. These requirements mandate that, unless an individual exception(s) has been approved by the University, all members of the BGSU community are required to:

- Vaccinate
- Wear a face covering, unless alone in an assigned work area or residential setting, or an exception is approved by the University.

These requirements will be carefully observed for the protection of all members of our community. Refusal to comply shall result in progressive disciplinary action, from a request to leave the classroom to suspension from the institution. Students may request exemptions for an approved reason (e.g., health reasons, inability to affix own mask, etc.) The Office of Accessibility Services will validate requests for exemptions and work with students to identify appropriate solutions (e.g., face shield, remote/online courses).

Evaluation and Grading

Group Presentations— **20%**

Individual Reports— **40%**

Final Project— **40%**

A	90% -100%	B	80% - 89%	C	70% - 79%
D	60% - 69%	F	0 – 59%		

- **Group Presentations**
 - The class is divided into groups randomly with no more than 3 members in one group.
 - Students are free to organize their presentation however they want.
 - Students must submit presentation slides.
 - Each non-presenter needs to ask at least one question after a presentation.

- **Individual Reports**
 - A report should include a summary of the paper, what you like most and least about the paper, and your comments and critique on the paper.
 - A report should not be longer than 5 pages.
 - The student with the highest score on their report in each group can choose one classmate to be part of their group for the next round of presentations. All other group members are assigned randomly.

- **Final Project**
 - It should be a group project with no more than 3 members. Students are responsible for choosing their partners.
 - Each group needs to come up with a topic for the project. It can either be your own topic or an extended study of any existing case study in the literature. Once you come up with a topic, you need to get my approval before you start working on it.
 - The whole project for each group must include:
 - A paper, including data and program files. (28%)
Feel free to use other software that you feel comfortable with.
 - A 20 to 30-minute presentation, including presentation slides (10%)
 - A one-page summary of your comments on projects of the other groups. (2%)
You will be evaluated according to the questions that you ask during their presentations and your comments submitted afterwards.
 - The projects will be evaluated by the instructor only.
 - Each group needs to fill out a *Group Contribution Form*. In case that you cannot reach a consensus, I will meet with all members of a group at one time. I hope that I will not have to do this because I am not privy to the

group's actual contributions and would prefer you come to a consensus by yourselves. The Group Contribution Form will be signed by all members and submitted to me along with the paper.

- The presentations will be scheduled tentatively on April 19 and April 21. We will schedule some final presentations in the finals week if need to.

Excused Absences for University Extracurricular Activities: Students participating in an officially sanctioned, scheduled University extracurricular activity should be given the opportunity to make up class assignments or other graded assignments missed as a result of their participation. It is the responsibility of the student to make arrangements with the instructor prior to any missed scheduled examination or other missed assignment for making up the work.

Honor Code: All work undertaken and submitted in this course is governed by the University’s honor code. If any student is unclear about the University’s honor policy – either in general or its particular application in this course – please contact your instructor immediately. Students who submit assignments that are word-for-word identical in any portions will be considered as cheating.

Course Outline (subject to change)

Basic Asset Pricing	
Consumption Based Model	
CAPM	
Banking	
Basic banking stuff and financial crisis	
Bank liquidity and regulation	
Bank capital and regulation	
Banks and macroeconomic activity	
Central Banking	
Conventional Monetary Policy	Introduction of Central Banks
	Monetary Policy and the Fed's control
	Inflation risk and inflation targeting
	Transmission Mechanism of Monetary Policy
Post-Crisis Monetary Policy	Zero Lower Bound
	The Shadow Rate

Important University Policies

Code of Student Conduct

Bowling Green State University aspires to create an academic environment grounded in intellectual discovery and guided by rational discourse and civility. Within our learning community, we endeavor to act on our Core Values:

- We respect one another and foster diversity and a culture of inclusion.
- We collaborate with each other and our community partners in the region, the State of Ohio, the nation and the world.
- We promote intellectual and personal growth through curricular and co-curricular efforts.
- We foster an environment of creativity, innovation, and entrepreneurship.
- We expect excellence in all we do.

This Code of Student Conduct is intended to ensure students, as members of our community, and their organizations conduct themselves in accordance with these values including the expectation that all students participate in an environment that respects differences of sex, sexual orientation, race or color, marital status, ethnicity, religion or creed, ancestry, national origin, disability, age, and veteran's status.

This Code thus creates a set of expectations of student conduct, ensures a fair process for determining responsibility when student behavior may have deviated from those expectations and provides appropriate sanctions when a student or student organization has violated the Code of Student Conduct. Every effort will be made to balance the needs and rights of the individual with the welfare of the community as a whole.

Academic Honesty

Students are expected to maintain the highest level of integrity in their academic work. From time to time, however, issues such as cheating, fabrication, or plagiarism in an academic exercise arise. The original jurisdiction and penalty both vary depending on the offense and when it is discovered. Also, there are specific requirements for record-keeping and for notification of the student and academic dean. The official policy is included in the Faculty Handbook (Academic Charter). The policy is also available in the Student Handbook (Codes of Conduct).

Non-Discrimination Policy

Bowling Green State University is committed to providing equal educational opportunity. The University provides access to educational programs and activities without regard to race, sex, sexual orientation, gender identity, gender expression, color, national origin, ancestry, genetic information, pregnancy, religion, age, disability, or status as a veteran. Any grievance regarding alleged discrimination due to race, sex, sexual orientation, gender identity, gender expression, color, national origin, ancestry, genetic information, pregnancy, religion, age, disability, or status as a veteran shall be reported to the Office of

Human Resources, 1851 N. Research Drive, 419-372-8421. If both parties are students, complaints should be reported to the Office of the Dean of Students, 301 Bowen-Thompson Student Union, 419-372-2843.

Applying for Services through Accessibility Services

38 College Park

419-372-8495

access@bgsu.edu

To apply for accessibility services, students must submit documentation of their disability for review by AS staff. There is no deadline to apply for services, but students should be advised that the review process can take several weeks. We encourage prospective students to submit their documentation as soon as they have been accepted to BGSU.

The request should include the following:

1. Request for Accommodation or equivalent information
2. Disability Verification Form or equivalent information
3. Most recent IEP, 504 plan, and multi-factored evaluation (MFE), if applicable

Once we've received and reviewed the documentation, we will notify you in writing of your eligibility status. Notification will be sent to your BGSU email account.

Cancellation of Classes in the Event of Severe Weather

The university equally values the safety and lives of all students, faculty and staff, while recognizing that we must maintain the effective operation of the university during inclement weather and other disruptions when possible.

An emergency closing of Bowling Green State University (BGSU) will be implemented only under severe and extreme circumstances. Every effort will be made to maintain classes. However, when health or safety conditions and/or a declared state of emergency due to other factors warrants, the university may delay the opening of the university or specific offices and areas, cancel some or all classes and/or activities, or implement an emergency closing of all or part of the university.

The decision to close the Bowling Green/Perrysburg campus is a consultative process that includes the President/President's designee, President's cabinet members/designees, and the Director of Public Safety/designee. The President or designee will have the final authority to make the decision to close or delay the opening of all or part of the university, cancel some or all classes or activities, or any necessary combination of the modification of normal operations.

Notwithstanding any announcement of a campus closure, students, faculty, staff, guests, and visitors must assume responsibility for their own health and safety, as well as for their class or work responsibilities. Students who do not attend class because they are concerned about their safety should notify their instructors. Individuals who live outside

of Wood County or Erie County may find that their county of residence is under a Level 3 Snow Emergency when Wood or Erie County or is not, making it illegal for them to drive in their own county. Students in this circumstance should notify their instructors.

A decision to close a particular campus, delay opening or cancel classes or activities may be based on weather information and road conditions gathered from the BGSU Police Department, the Ohio State Highway Patrol, the County Sheriff's Office, other local police agencies surrounding the particular campus, official weather reports and forecasts, and consultation with BGSU Campus Operations staff. In most cases, the Bowling Green/Perrysburg campus will not close for winter conditions unless the Wood County Sheriff's Office declares a Level 3 Snow Emergency. (See winter weather conditions as defined by the Sheriff's Office under the definitions section.) Decisions made due to other emergencies may be based on information from local law enforcement, local fire officials, local health officials, and BGSU Campus Operations staff.

Once the decision is made to modify operations at a particular campus, all appropriate individuals will be notified through AlertBG texts, email, the BGSU home page, social media, and other means of digital communication. Local media outlets will be notified as well. The Office of Marketing and Communications will notify the university Fact Line (419/372-2445) and local radio and television stations. These include: WBGU-FM (88.1), WFAL-AM (680), WFOB-AM (1430), WOHO-AM (750), WCWA-AM (1230), WLQR-AM (1470), WRON (AM-1400, FM-97.7), WFIN-AM (1330), and WGTE-FM (91.3), WBGU-TV (Channel 27), and the four Toledo television stations (Channels 11, 13, 24 and 36).

Efforts will be made to notify media, send texts and emails, and post BGSU web site announcements at least one (1) hour before the decision takes effect when known in advance. Also, students, faculty and staff may call the university's answering service number (419/372-SNOW) to confirm whether the Bowling Green/Perrysburg campus and/or BGSU Firelands campus is closed or open due to severe weather.