

COURSE SYLLABUS
FOR FULL-TIME UNDERGRADUATE PROGRAMS

(Issued under Decision No.1380/QĐ-ĐHKTQĐ on 15/8/2016 by the University President)

1. COURSE NAME: Monetary and Financial Theories 1

Code: NHLT1002

Number of Credit: 3

2. DEPARTMENT IN CHARGE OF INSTRUCTION:

Office: Room 304, Building 7, National Economics University

Office Hours: 9am - 11am, from Monday to Friday

3. PRE-REQUISITE:

Before attending this course, students had to finish the following courses:

- The General Principles of Marxism-Leninism
- Microeconomics 1
- Macroeconomics 1

4. COURSE DESCRIPTION:

Monetary and financial theories 1 is a compulsory course. The course is designed to provide students with the understanding of money, banking and financial markets. The course is focused on the concepts of money, the structure of financial system, players and financial instruments of financial markets, financial intermediaries (i.e. commercial banks for the course), interest rates (i.e. how to calculate and the determinants of interest rate in the market). The other topics covered in this course are the central bank operations when implementing monetary policy and the money supply process related to commercial bank operations.

5. COURSE OBJECTIVES:

The course provides students basic knowledge of money and finance, which helps them study modules of each major in-depth.

After completing the course, students will be able to:

- Understand the nature of money, and distinguish between concepts of money and finance; understand the basic functions of money in an economy, and be able to analyze the functions of money; give examples to demonstrate these functions.

- Understand the evolution of the payments system over time; understand ways of money measurement through the concepts of monetary aggregates.
- Understand the structure of the financial system and its components, as well as the vital roles of the financial system to the economy.
- Demonstrate the flow of funds through financial markets, and analyze the basic function and the roles of financial markets.
- Describe and analyze the structure of financial markets; compare the essential features of different types of financial markets and analyze the characteristics of financial market instruments.
- Explain the meaning and the way to measure basic types of interest rates.
- Explain the meaning of the concepts of present value and calculate the present values of a single future payment or a future cash flow.
- Compare and differentiate the basic types of interest rates in the economy. Distinguish between interest rates and rates of return (returns).
- List and explain all the basic components of a bank's balance sheet; understand the definition of a commercial bank and its functions; demonstrate and analyze the basic operation of a bank.
- Analyse a central bank structure; apply into reality their understanding about the structure of central banks in some countries, the special structure of European Central Bank, and the origin of the State bank of Vietnam; understanding that each nation has its own structure of the central bank and each structure has certain effects on the implementation of monetary policy.
- Understand the targets of the implementation of the money policy and the relationship among them; be able to analyze the use of tools in the monetary policy in achieving the targets.

6. COURSE CONTENTS:

TENTATIVE SCHEDULE

No.	Contents	Total hours	In details		Notes
			Theory	Practice, Discussion, Exams	
1	Chapter 1	5	3	2	
2	Chapter 2	3	2	1	
3	Chapter 3	5	3	2	
4	Chapter 4	4	3	1	
5	Chapter 5	7	4	3	
6	Chapter 6	7	5	2	
7	Chapter 7	7	5	2	
8	Chapter 8	7	5	2	
	Total	45	30	15	

CHAPTER 1: BASIC MONETARY AND FINANCIAL ISSUES

Money and finance are economic categories associated with goods production and circulation. It plays an important role in accelerating the socioeconomic development of each country. To understand this role, this chapter provides students basic concepts of money and finance, from which it helps students study their invention and development process.

- 1.1. The nature of money
 - 1.1.1. The invention of money
 - 1.1.2. The nature of money
- 1.2. The functions of money
 - 1.2.1. The functions of money according to K.Marx's theory
 - 1.2.2. The functions of money according to modern economic theory
- 1.3. The evolution of the payments system
 - 1.3.1. Commodity money
 - 1.3.2. Fiat money
 - 1.3.3. Credit money
- 1.4. Monetary system
 - 1.4.1. Bimetallism
 - 1.4.2. Gold standard
 - 1.4.3. Gold bullion standard
 - 1.4.4. Gold exchange standard
 - 1.4.5. Foreign currency standard
 - 1.4.6. Pure fiat standard
- 1.5. Monetary aggregates
 - 1.5.1. Definition
 - 1.5.2. Measurement
- 1.6. The nature of finance
 - 1.6.1. The invention of finance
 - 1.6.2. The nature of finance
- 1.7. The functions of finance
 - 1.7.1. Distribution function
 - 1.7.2. Management function

Texts and readings for the chapter:

1. Chapter 1 *“The fundamentals of money and finance”* Nguyễn Hữu Tài (2012), *Monetary and financial theories*, The National Economics University Publishing House
2. Frederic S.Miskin (2002), *“The economics of money, banking and financial market”* The Science and Technology Publishing House, Hanoi
3. Lê Vinh Danh (1996), *“Money and banking activity”*, The National Political Publishing House
4. Websites of banking and financial institutions
5. Specialized magazines in banking and finance

CHAPTER 2: FINANCIAL SYSTEM

This chapter introduces the roles and functions of financial system in the economy, its structure and the relationship between its components, as well as the Government’s management policy toward the national financial system.

- 2.1. Overview of financial system
 - 2.1.1. Definition
 - 2.1.2. Financial system model in the economy
 - 2.1.3. The components of financial system
- 2.2. The functions and roles of financial system
 - 2.2.1. The functions of financial system
 - 2.2.2. The roles of financial system in economic development
- 2.3. State management towards financial system
 - 2.3.1. Objective
 - 2.3.2. Management content

Texts and readings for the chapter:

1. Chapter 2 *“Overview of financial system”* Nguyễn Hữu Tài (2012), *Monetary and financial theories*, The National Economics University Publishing House
2. Frederic S.Miskin (2002), *“The economics of money, banking and financial market”*, The Science and Technology Publishing House, Hanoi
3. Websites of banking and financial institutions
4. Specialized magazines in banking and finance

CHAPTER 3: STATE BUDGET

This chapter studies the expenditure source used for the existence and operation of the government and public goods supply. How the governments use this source and how they manage the mobilization and utilization of this source? These are basic issues covered in this chapter.

3.1. Overview of state budget

3.1.1. Definition

3.1.2. Roles

3.2. State budget revenue

3.2.1. Definition

3.2.2. Characteristics

3.2.3. Contents

3.3. State budget expenditure

3.3.1. Definition

3.3.2. Characteristics

3.3.3. Contents

3.4. State budget deficit

3.4.1. Definition

3.4.2. Causes

3.4.3. Impacts

3.4.4. Remedies

3.5. Organization in state budget management – Decentralization in state budget management

3.5.1. Organization in state budget management

3.5.2. Decentralization in state budget management

3.6. Fiscal year and budget process

3.6.1. Fiscal year

3.6.2. Budget process

3.7. Fiscal policy

3.7.1. Definition

3.7.2. Objectives

3.7.3. Instruments

Texts and readings for the chapter:

1. *Chapter 3 “State budget”, Nguyễn Hữu Tài (2012), Monetary and financial theories, The National Economics University Publishing House*
2. *Websites of the Government, banking and financial institutions*
3. *Websites of Ministry of finance, General Department of Taxation, General Department of Vietnam Customs Specialized magazines in banking and finance*

CHAPTER 4: CORPORATE FINANCE

This chapter studies about capital and its roles in enterprises, as well as their sources of capital. It also provides us information about the method of raising capital and how to efficiently manage and utilize it in enterprises.

4.1. General issues on corporate finance

4.1.1. Definition

4.1.2. Roles

4.2. Corporate capital

4.2.1. Owner’s equity

4.2.2. Liabilities

4.3. Current assets management

4.3.1. Current assets definition and classification

4.3.2. Current assets management

4.4. Non-current assets management

4.4.1. Non-current assets definition and classification

4.4.2. Non-current assets management

Texts and readings for the chapter:

1. *Chapter 4 “Corporate finance”
Nguyễn Hữu Tài (2012), Monetary and financial theories, The National Economics University Publishing House*
2. *Chapter 1 “ Overview of corporate finance”*

Chapter 5 “Corporate capital”

Chapter 6 “Corporate assets management”

Luu Thị Hương, Vũ Duy Hào, 2013, Corporate finance, The National Economics University Publishing House

3. *Specialized magazines in banking and finance*

CHAPTER 5: CREDIT AND INTEREST RATE IN THE MARKET ECONOMY

Credit and interest rate are closely related to each other. Interest rate is the price of credit. Most enterprises in the market economy need credit funding and pay attention to the input cost which is interest rate. Interest rate plays an important role in both macro and micro economic activities. These above issues will be discussed in this chapter.

5.1. Overview of credit

5.1.1. Definition and characteristics of credit

5.1.2. Roles of credit

5.2. Types of credit in the market economy

5.2.1. Bank credit

5.2.2. Commercial credit

5.2.3. Public credit

5.2.4. Finance leasing

5.3. Overview of interest rate

5.3.1. The nature of interest rate

5.3.2. The roles of interest rate

5.3.3. Some types of interest rate in the market

5.4. Some differentiation of interest rate

5.4.1. Real interest rate and nominal interest rate

5.4.2. Simple interest rate and compound interest rate

5.4.3. Interest rate and rate of return

Texts and readings for the chapter:

1. *Chapter 7 “Some basic issues of interest rate”*

Nguyễn Hữu Tài (2012), Monetary and financial theories, The National Economics University Publishing House

2. *Frederic S.Miskin (2002), “The economics of money, banking and financial market”, The Science and Technology Publishing House, Hanoi*
3. *Websites of banking and financial institutions*
4. *Specialized magazines in banking and finance*

CHAPTER 6: FINANCIAL MARKET

Financial market is an important component in the national financial system. This chapter studies the functions and roles of financial market to the economic development, as well as its structure, participants and goods transacted in the financial market.

6.1. Overview of financial market

6.1.1. Definition

6.1.2. Function and role of financial market

6.2. Participants of financial market

6.2.1. Borrowers

6.2.2. Lenders

6.3. Structure of financial market

6.3.1. Money and Capital market

6.3.2. Debt and Equity market

6.3.3. Primary and Secondary market

6.3.4. Formal and Informal market

6.3.5. Exchanges and Over-the-Counter market

6.4. Financial market instruments

6.4.1. Money market instruments

6.4.2. Capital market instruments

Texts and readings for the chapter:

1. Chapter 5 “Financial market”

Nguyễn Hữu Tài (2012), Monetary and financial theories, The National Economics University Publishing House

2. *Frederic S.Miskin (2002), “The economics of money, banking and financial market”, The Science and Technology Publishing House, Hanoi*

3. *Websites of banking and financial institutions*

4. *Specialized magazines in banking and finance*

CHAPTER 7: COMMERCIAL BANK

This chapter researches the foundation and functions of commercial banks and how they conduct such activities as capital mobilization, capital utilization and service supply

7.1. Overview of commercial bank

7.1.1. The foundation of commercial bank

7.1.2. Definition

7.1.3. The functions of commercial bank

7.1.4. Balance sheet of commercial bank

7.2. Activities of commercial bank

7.2.1. Capital mobilization

7.2.2. Capital utilization

7.2.3. Service supply

Texts and readings for the chapter:

1. Chapter 8 “ Commercial bank”
Nguyễn Hữu Tài (2012), Monetary and financial theories, The National Economics University Publishing House
2. *Frederic S.Miskin (2002), “The economics of money, banking and financial market”, The Science and Technology Publishing House, Hanoi*
3. The National Assembly of the Socialist Republic of Vietnam (2010), *Law on Credit Institutions 2010*, Hanoi
4. Peter S.Rose (2001), *Commercial bank management*, Finance Publishing House, Hanoi
5. Phan Thị Thu Hà (2013), *Commercial banks*, The National Economics University Publishing House, Hanoi
6. David Cox, 1997, “*Modern banking operation*”, National Political Publishing House
7. *Websites of commercial banks*

8. *Specialized magazines in banking and finance*

Chapter 8: CENTRAL BANK

Central bank is a specialized institution of each nation. Having monetary and financial macro management role (through monetary policy), central bank has powerful influence and impacts on every aspect of the economy. This chapter will study some general issues on central bank and monetary policy.

8.1. Overview of central bank

8.1.1. Formation

8.1.2. Models of central bank

8.1.3. Functions of central bank

8.2. Central bank and monetary base

8.2.1. The concise balance sheet of central bank

8.2.2. Central bank's process of providing reserve for the commercial banking system

8.3. National monetary policy

8.3.1. Definition

8.3.2. Targets

8.3.3. Tools of national monetary policy

Texts and readings for the chapter:

1. Chapter 9 « *The money supply process* »

Chapter 10 « *Central bank and national monetary policy* »

Nguyễn Hữu Tài (2012), *Monetary and financial theories*, The National Economics University Publishing House

2. Frederic S. Miskin (2002), "The economics of money, banking and financial market", The Science and Technology Publishing House, Hanoi

3. *Websites of the Government and central bank*

4. *Specialized magazines in banking and finance*

7. REQUIRED TEXTBOOK & COURSE MATERIALS

Nguyễn Hữu Tài (2012), "Monetary and financial theories", the National Economics University Publishing House.

8. RECOMMENDED TEXTS & OTHER READINGS

Frederic S.Miskin (2002), “*The economics of money, banking and financial market*”, The Science and Technology Publishing House, Hanoi

Cao Thị Ý Nhi (2014), “*Monetary and financial theories – questions and exercises*”, The National Economics University Publishing House.

Lê Vinh Danh (1996), “*Money and banking activity*”, The National Political Publishing House

Websites of banking and financial institutions

Specialized magazines in banking and finance

9. ASSESSMENT & GRADING POLICY:

Students eligible for the final exam if:

- Class participation: 75% or higher
- Periodic exam: 5 points or higher (10-point grading scale)

Besides:

- Full participation in all discussions
- Final exam format: multiple choice + essay
- Final score calculation:

No	Content	Mark	Weight	Total
1	Class participation	X	10%	10% X (1)
2	Exam (1 test)	Y	30%	30% Y (2)
3	Final exam	Z	60%	60% Z (3)
	Final score:			(1)+(2)+(3)

Hanoi, 2016

HEAD OF DEPARTMENT

PRESIDENT

(signed)

(signed)

Assoc Prof.PhD. Cao Thi Y Nhi

Prof.Dr. Tran Tho Dat