

**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: Central Bank

Code: **NHLT1105**

Number of Credits: 2

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 Financial and monetary theory²

4. COURSE DESCRIPTION:

The course of Central Bank is to study the basis operations of the Central Bank. The module scientifically and systematically deals with the Central Bank, from its process of formation and development, organizational model, functions, balance sheet and monetary balance sheet to specific operations as monetary policy, issuance of banknotes, open market operations, credit activities, payments, foreign exchange control, supervision, control, internal audit.

5. COURSE OBJECTIVES:

4.1. Acquired knowledge: At the end of the module, students should be able to solve fundamental issues of Central Bank operations.

4.2. Skills: students are able to enforce the Central Bank operations to analyze and interpret issues relating to practical activities of the State Bank of Vietnam, other Central banks of countries around the world and in relation with economic activities.

6. COURSE CONTENTS:

No	Content	Number of hours	In details		Notes
			Theory	Practice, Discussion, Exams	In syllabus
1	Overview of the Central Bank	3	2	1	Chapter 1
2	Monetary policy management	5	3	2	Chapter2
3	Issuance operations	3	2	1	Chapter3
4	Open market operations	4	3	1	Chapter4
5	Credit operations	3	2	1	Chapter5
6	Payment operations	3	2	1	Chapter6
7	Foreign exchange control	4	3	1	Chapter7
8	Supervision activities	3	2	1	Chapter8
9	Control, internal audit activities	2	2	-	Chapter9
TOTAL		30	21	9	

CHAPTER 1: OVERVIEW OF THE CENTRAL BANK

This Chapter introduces the concepts of Central bank, its organizational model, functions, balance sheet and monetary balance sheet. On that basis, students see the significance of studying of these contents.

- 1.1. Overview of the Central Bank
 - 1.1.1. Process of formation and development
 - 1.1.2. Essence of the Central bank
- 1.2. Organizational model
 - 1.2.1. Independent Central Bank of the Government
 - 1.2.2. Dependent Central Bank of the Government
- 1.3. Functions
 - 1.3.1. Money issuance and regulations of the volume of money supply
 - 1.3.2. Being bank of banks
 - 1.3.2. Being bank of State
- 1.4. Balance sheet and monetary balance sheet of the Central bank
 - 1.4.1. Balance sheet
 - 1.4.2. Monetary balance sheet
- 1.5. Overview of State Bank of Vietnam
 - 1.5.1. Process of formation and development
 - 1.5.2. Organizational model
 - 1.5.3. Functions and missions

Texts and readings for the chapter:

1. *Academic documents about Central bank (Faculty's documents, Chapter 1).*
2. *The economics of Money, Banking, and Financial Markets (Tenth Edition), Frederic S. Mishkin. (Chapter 14, Chapter 15).*

3. *Law on the State Bank of Vietnam in 1997, 2003, 2010.*
4. *Annual reports of the State Bank of Vietnam.*
5. <http://www.sbv.gov.vn>
6. <http://www.federalreserve.gov>
7. <http://www.ecb.int>
8. <http://www.boj.or.jp>
9. <http://www.bankthailand.info>

CHAPTER 2: MONETARY POLICY MANAGEMENT

Chapter 2 analyzes the essence of monetary policy, determines its objectives, the relationship between these objectives and monetary policy instruments, which helps the Central Bank achieve its goals set out in each period. This is the base to analyze applications in practical conditions.

- 2.1. Overview of monetary policy
 - 2.1.1. Definition
 - 2.1.2. Objectives
- 2.2. Instruments for monetary policy implementation
 - 2.2.1. Reserve requirement policy
 - 2.2.2. Discount policy
 - 2.2.3. Open market operations
 - 2.2.4. Exchange rate policy
 - 2.2.5. Line of credit policy
- 2.3. Relationship between monetary policy and macroeconomic policies
 - 2.3.1. Methodology
 - 2.3.2. Modes of coordination
- 2.4. Monetary of the State Bank of Vietnam
 - 2.4.1. Definition
 - 2.4.2. Decisions and monetary policy implementation
 - 2.4.3. Objectives
 - 2.4.4. Instruments for monetary policy implementation

Texts and readings for the chapter:

1. *Academic documents about Central bank (Faculty's documents, Chapter 2).*
2. *The economics of Money, Banking, and Financial Markets (Tenth Edition), Frederic S. Mishkin. (Chapter 15, Chapter 16, Chapter 17).*
3. *Law on the State Bank of Vietnam in 1997, 2003, 2010.*
4. *Annual reports of the State Bank of Vietnam.*
5. <http://www.sbv.gov.vn>
6. <http://www.federalreserve.gov>
7. <http://www.ecb.int>

CHAPTER 3: ISSUANCE OPERATIONS

Chapter 3 analyzes essential contents of money issuance, presents and explains advantages and disadvantages of money issuance channels used in practice and interpreted in the context of Vietnam.

- 3.1. Overview of money issuance operations
 - 3.1.1. Money issuance
 - 3.1.2. Money removing and destruction
 - 3.1.3. Specimen money, souvenir money
- 3.2. Principles of issuance
 - 3.2.1. Principle of balance
 - 3.2.2. Principle of guaranteeing
 - 3.2.3. Principle of centralized management
- 3.3. Channels of issuance
 - 3.3.1. Issuance via Government channel
 - 3.3.2. Issuance via credit channel
 - 3.3.3. Issuance via open market channel
 - 3.3.4. Issuance via gold and foreign currency market channel
- 3.4. Money issuance of the State Bank of Vietnam
 - 3.4.1. Legal basis
 - 3.4.2. Implementation

Texts and readings for the chapter:

1. *Academic documents about Central bank (Faculty's documents, Chapter 3).*
2. *Law on the State Bank of Vietnam in 1997, 2003, 2010.*
3. *Annual reports of the State Bank of Vietnam.*
4. *Legal documents issued by the State Bank of Vietnam.*
5. <http://www.sbv.gov.vn>

CHAPTER 4: OPEN MARKET OPERATIONS

Chapter 4 analyzes the mechanism of action, roles and contents of open market operations, its applications in exercises of purchase or sale valuable papers between Central Bank and actors in open market. On this basis, open market operations will be analyzed in the context of Vietnam.

- 4.1. Overview of open market operations
 - 4.1.1. Definition
 - 4.1.2. Mechanism of action
 - 4.1.3. Roles of open market
- 4.2. Contents
 - 4.2.1. Goods for transaction
 - 4.2.2. Actors
 - 4.2.3. Modes of transaction
 - 4.2.4. Procurement methods
- 4.3. Open market operations of the State Bank of Vietnam

- 4.3.1. Legal basis
- 4.3.2. Execution process
- 4.3.3. Goods for transaction
- 4.3.3. Actors
- 4.3.4. Modes of transaction
- 4.3.5. Transaction and payment time
- 4.3.6. Sales transactions

Texts and readings for the chapter:

1. *Academic documents about Central bank (Faculty's documents, Chapter 4).*
2. *Law on the State Bank of Vietnam in 1997, 2003, 2010.*
3. *Annual reports of the State Bank of Vietnam.*
4. *Legal documents issued by the State Bank of Vietnam.*
5. <http://www.sbv.gov.vn>
6. <http://www.federalreserve.gov>
7. <http://www.ecb.int>

CHAPTER 5: CREDIT OPERATIONS

Chapter 5 analyzes the needs and principles of credit operations from which analyze credit operations of Central bank and in the relationship with Vietnam context.

- 5.1. Overview of credit operations
 - 5.1.1. Definition
 - 5.1.2. Needs for credit operations
 - 5.1.3. Principles of credit operation implementation
- 5.2. Credit operations
 - 5.2.1. Loans for refinancing credit institutions
 - 5.2.2. Discounting and rediscounting of valuable papers
 - 5.2.3. Loan for payment
 - 5.2.4. Guarantee and re-guarantee for commercial banks
 - 5.2.5. Credits for State budget
- 5.3. Credit operations of the State Bank of Vietnam
 - 5.3.1. Legal basis
 - 5.3.2. Results of implementation

Texts and readings for the chapter:

1. *Academic documents about Central bank (Faculty's documents, Chapter 5).*
2. *Law on Credit Institutions of Vietnam in 1997, 2003, 2010.*
3. *Law on the State Bank of Vietnam in 1997, 2003, 2010.*
4. *Annual reports of the State Bank of Vietnam.*
5. <http://www.sbv.gov.vn>

CHAPTER 6: PAYMENT OPERATIONS

Chapter 6 introduces and analyzes fundamental issues of payment operations and operation of payment, and in the context of Vietnam.

- 6.1. Overview of payment operations
 - 6.1.1. Definition
 - 6.1.2. Roles of Central bank in payment operations
- 6.2. Modes of payment in the economy
 - 6.2.1. Payment by cash
 - 6.2.2. Payment not by cash
- 6.3. General regulations in the banking payment
 - 6.3.1. Subjects of application
 - 6.3.2. Application scopes
 - 6.3.3. Open and use of payment account
 - 6.3.4. Receipts
- 6.4. Operation of payment
 - 6.4.1. Payment on each occasion
 - 6.4.2. Clearing
- 6.5. Payment operations of the State Bank of Vietnam
 - 6.5.1. Legal basis
 - 6.5.2. Process of implementation

Texts and readings for the chapter:

1. *Academic documents about Central bank (Faculty's documents, Chapter 6).*
2. *Law on Credit Institutions of Vietnam in 1997, 2003, 2010.*
3. *Law on the State Bank of Vietnam in 1997, 2003, 2010.*
4. *Annual reports of the State Bank of Vietnam.*
5. *Legal documents issued by the State Bank of Vietnam.*
6. <http://www.sbv.gov.vn>

CHAPTER 7: FOREIGN EXCHANGE CONTROL

Chapter 7 introduces fundamental issues about foreign exchange control, explains issues relating to activities to control foreign exchange of the Central bank and in the context of Vietnam.

- 7.1. Common issues
 - 7.1.1. Foreign currency
 - 7.1.2. Forex market
 - 7.1.3. Foreign exchange reserves
- 7.2. Foreign exchange control
 - 7.2.1. Foreign exchange State control
 - 7.2.2. Foreign exchange control
 - 7.2.3. Foreign exchange trading
 - 7.2.4. Establishment and report of international payment balance
- 7.3. Foreign exchange control of the State Bank of Vietnam

7.3.1. Legal basis

7.3.2. Implementation

Texts and readings for the chapter:

1. *Academic documents about Central bank (Faculty's documents, Chapter 7).*
2. *Law on the State Bank of Vietnam in 1997, 2003, 2010.*
3. *Annual reports of the State Bank of Vietnam.*
4. *Legal documents issued by the State Bank of Vietnam.*
5. <http://www.sbv.gov.vn>

CHAPTER 8: BANKING SUPERVISION AND CONTROL ACTIVITIES

Chapter 8 aims to explain the significance of operations of supervision and control of the Central bank, discern supervision and control on site, from distance and apply it in practical conditions.

- 8.1. Common issues
 - 8.1.1. Necessity of banking supervision and control
 - 8.1.2. Subjects of banking supervision and control
 - 8.1.3. Duties and power of banking supervisors
- 8.2. Banking supervision and control activities
 - 8.2.1. Definition
 - 8.2.2. Activities
 - 8.2.3. Methods
- 8.3. Applicable standards of banking supervision and control
 - 8.3.1. Camels model
 - 8.3.2. Basel Agreement
- 8.4. Banking supervision and control activities of the State Bank of Vietnam
 - 8.5.1. Objectives of supervision and control
 - 8.5.2. Implementation
 - 8.5.3. Contents of supervision and control

Texts and readings for the chapter:

1. *Academic documents about Central bank (Faculty's documents, Chapter 8).*
2. *Law on the State Bank of Vietnam in 1997, 2003, 2010.*
3. *Annual reports of the State Bank of Vietnam.*
4. *Legal documents issued by the State Bank of Vietnam.*
5. *Annual reports on banking supervision and control activities of the State Bank of Vietnam.*
6. <http://www.sbv.gov.vn>

CHAPTER 9: INTERNAL CONTROL ACTIVITIES

Chapter 9 aims to analyze the significance of the internal control activities, contents of internal control of the Central bank and in the context of Vietnam.

- 9.1. Overview of internal control activities of the Central bank
 - 9.1.1. Definition
 - 9.1.2. Objectives of control
 - 9.1.3. Classification of internal control
- 9.2. Contents of internal control
 - 9.2.1. Control of accounting activities
 - 9.2.2. Control of financial incomes and outcomes and purchasing of fixed assets
 - 9.2.3. Control of treasury activities
 - 9.2.4. Control of the observance of regulations by institutions
- 9.3. Internal control activities of the State Bank of Vietnam
 - 9.3.1. Necessity of internal control activities
 - 9.3.2. Implementation

Texts and readings for the chapter:

1. *Academic documents about Central bank (Faculty's documents, Chapter 9).*
2. *Reports of the State Bank of Vietnam.*

7. REQUIRED TEXTBOOK & COURSE MATERIALS

Academic documents about Central bank (Faculty's documents)

1. *The economics of Money, Banking, and Financial Markets (Tenth Edition), Frederic S. Mishkin.*
2. *Law on Credit Institutions of Vietnam in 1997, 2003, 2010.*
3. *Law on the State Bank of Vietnam in 1997, 2003, 2010.*
4. *Annual reports of the State Bank of Vietnam.*
5. *Legal documents issued by the State Bank of Vietnam.*
6. *Annual reports on banking supervision and control activities of the State Bank of Vietnam.*
7. <http://www.sbv.gov.vn>
8. <http://www.federalreserve.gov>
9. <http://www.ecb.int>
10. <http://www.boj.or.jp>
11. <http://www.bankthailand.info>

8. ASSESSMENT & GRADING POLICY:

Students are eligible for final exam if:

- Attend at least 75% of classroom time.
- Periodic tests are at least 5 (scale of 10/10).

Moreover:

- Participate fully in all discussion sessions.
- Final exam: Combination of Multiple Choice Questions test and essay

- Calculation of final note:

No	Contents	Note	Percentage	Final Note
1	Attendance	X	10%	10% X (1)
2	Periodic test (1)	Y	30%	30% Y (2)
3	Final exam	Z	60%	60% Z (3)
	Final Note			(1)+(2)+(3)

HEAD OF DEPARTMENT

(signed)

Assoc Prof.PhD. Cao Thi Y Nhi

Hanoi, 2016

PRESIDENT

(signed)

Prof.Dr. Tran Tho Dat