Content

Course Code	Course Name	Semester	Theory	Practice	Lab	Credit	ECTS
ECON205	Monetary Theory and Finance	3	3	0	0	3	4

Prerequisites	
Admission Requirements	

Language of Instruction	French
Course Type	Compulsory
Course Level	Bachelor Degree
Objective	To acquire knowledge of analysis on monetary theory and finance.The Monetary Theory and Finance course aims to help students understand the functions of money, the determinants of money supply and demand, the role of the financial system and banking in the economy, and the key instruments and transmission mechanisms of monetary policy. The course aims to provide students with a theoretical and institutional foundation for analyzing the relationship between monetary aggregates, inflation, interest rates, and financial markets.
Content	In three main sections, namely money supply, money demand, monetary policy, after processing the theory of money with examples from US, it is concluded with the analysis of the financial structure and financial markets in Turkey and US. In addition, examples from the monetary policy operation of the US Federal Reserve and the European Central Bank are given. The course covers the functions of money and definitions of monetary aggregates, theories of money demand (classical, Keynesian, Friedman), the commercial banking system and the money multiplier, central banking and monetary policy instruments (open market operations, the discount rate, reserve requirements), monetary policy transmission mechanisms, interest rate theory (term structure, risk premium), financial markets and institutions, theories of inflation, and the relationship between monetary growth and inflation.First of all, the information that financial markets are a financial system is conveyed. For this, Kalman (1960) System theory and literature are used. The separation of deterministic systems from stochastic systems is defined and the subject of the mathematical definition of the market system in which the decision-maker behavior is active is developed.
References	Mishkin, F. S. — The Economics of Money, Banking, and Financial Markets, Pearson Cecchetti, S. G., Schoenholtz, K. L. — Money, Banking, and Financial Markets, McGraw-Hill Walsh, C. E. — Monetary Theory and Policy, MIT Press Handa, J. — Monetary Economics, Routledge Blanchard, O. J. — Macroeconomics (monetary policy chapters), Pearson

Theory Topics

Week	Weekly Contents
1	Part 1: Money supply. Part 1: The framework of the financial system
2	Episode 2. Money supply and its determinants: A. Various Monetary Sizes
3	B. Money supply and balance of payments relationship
4	C. Money supply and public budget balance relationship
5	D. Relationship between money supply and banking sector activities
6	Part 2: Money request, Part 1: Demand for money with transaction motive
7	Chapter 2: demand for money with caution and speculation motive
8	Part 3: Monetary Policy, Part 1: Impartiality of money
9	Part 2: Central Bank behavior (Theoretical framework)
10	Part 3: Monetary Policy practices, CBRT example
11	Monetary policy and transfer channel, Money market
12	Its role in capital market and financing activities (TR example)
13	Financing structure in TR
14	Revision