Part Four  
  
Transparency  
Masters:  
Chapter Outlines

Part 1  
Introduction

Chapter 1: Why Study Money, Banking, and Financial Markets?

Preview

Why Study Financial Markets?

  The Bond Market and Interest Rates

  The Stock Market

Why Study Financial Institutions and Banking?

  Structure of the Financial System

  Financial Crises

  Banks and Other Financial Institutions

  Financial Innovation

Why Study Money and Monetary Policy?

  Money and Business Cycles

  Money and Inflation

  Money and Interest Rates

  Conduct of Monetary Policy

  Fiscal Policy and Monetary Policy

Why Study International Finance?

  The Foreign Exchange Market

  The International Financial System

How We Will Study Money, Banking, and Financial Markets

  Exploring the Web

  Collecting and Graphing Data

Web Exercises

Concluding Remarks

Summary

Key Terms

Questions

Applied Problems

Web Exercises

Web References

Appendix to Chapter 1: Defining Aggregate Output, Income, the Price Level, and the Inflation Rate

Aggregate Output and Income

Real versus Nominal Magnitudes

Aggregate Price Level

Growth Rates and the Inflation Rate

Chapter 2: An Overview of the Financial System

Preview

Function of Financial Markets

Structure of Financial Markets

  Debt and Equity Markets

  Primary and Secondary Markets

  Exchanges and Over-the-Counter Markets

  Money and Capital Markets

Financial Market Instruments

  Money Market Instruments

**Following the Financial News:** Money Market Rates

  Capital Market Instruments

**Following the Financial News:** Capital Market Interest Rates

  Internationalization of Financial Markets

**Global:** Are U.S. Capital Markets Losing Their Edge?

  International Bond Market, Eurobonds, and Eurocurrencies

  World Stock Markets

Function of Financial Intermediaries: Indirect Finance

**Following the Financial News:** Foreign Stock Market Indexes

  Transaction Costs

**Global:** The Importance of Financial Intermediaries Relative to Securities Markets: An International Comparison

  Risk Sharing

  Asymmetric Information: Adverse Selection and Moral Hazard

  Economies of Scope and Conflicts of Interest

Types of Financial Intermediaries

  Depository Institutions

  Contractual Savings Institutions

  Investment Intermediaries

Regulation of the Financial System

  Increasing Information Available to Investors

Ensuring the Soundness of Financial Intermediaries

  Financial Regulation Abroad

Summary

Key Terms

Questions

Applied Problems

Web Exercises

Web References