

**The London Institute
of Banking & Finance**

Economics



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MODULE SPECIFICATION

1. Title	Economics	
2. Start date	2016	
3. Level of module	Level 4 FHEQ	
4. Number of credits	15 Credits	ECTS Value
		7.5
5. Status	<p>A compulsory module within:</p> <ul style="list-style-type: none"> • BSc (Hons) in Finance and Accounting for Financial Services (full-time) • BSc (Hons) in Finance, Investment and Risk (full-time) <p>An option module within:</p> <ul style="list-style-type: none"> • Professional Certificate in Banking (PCertB®) • Professional Certificate in Financial Services (PCertFS®) 	
6. Recommended prior modules	N / A	
7. Programmes of study to which module contributes	<ul style="list-style-type: none"> • Professional Certificate in Banking (PCertB®) • Professional Certificate in Financial Services (PCertFS®) • BSc (Hons) in Finance and Accounting for Financial Services (full-time) • BSc (Hons) in Finance, Investment and Risk (full-time) 	
8. Campus / Partner	N / A	
9. Syllabus overview	<p>This module is designed to provide an introduction to the general principles of microeconomics and macroeconomics with application to financial products and markets and to the economy as a whole.</p> <p>The module begins with an overview of microeconomic theory. It considers the allocation of scarce resources in mixed economies and describes how this happens via the market mechanism. It considers the theories of price and of competition and then looks at why and how governments intervene in free markets.</p> <p>The module goes on to describe national income identities and discusses critically the extent to which they can be used to compare living standards over time and between countries.</p> <p>The module then turns to macroeconomic theory. It takes a brief look at conflicting Keynesian and monetarist theories, describes a country's main macroeconomic objectives and analyses how monetary, fiscal and supply-side policies can be used to achieve a sustainable economic position.</p> <p>Finally, the module studies international trade, a country's balance of payments position and the exchange rate of its currency. It looks at the work of international economic institutions.</p>	

10. Intended subject specific learning outcomes and, as appropriate, their relationship to programme learning outcomes

On completion of this module, students will be able to:

- a) understand the fundamental economic problem in terms of the allocation of scarce resources;
- b) demonstrate a descriptive and graphical approach to the theory of price and the theory of competition;
- c) understand the concept of market failure and identify the main reasons for it, explaining the reasons for and methods of government intervention in free markets;
- d) describe the main national income identities, explain the relationships between them and critically discuss their use in assessing living standards;
- e) understand the main variables underpinning the Keynesian theory of employment and the relationships between them;
- f) understand the main objectives of government macroeconomic policy and explain the main tools of monetary and fiscal policy; and
- g) understand the advantages of international trade, explain the meaning of a country's balance of payments and the determinants of the exchange rate of its currency and describe the functions of international economic and financial organisations.

These intended module learning outcomes contribute to the following programme learning outcomes:

- Professional Certificate in Banking: 01, 02, and 04.
- Professional Certificate in Financial Services: A2, A3 and A4.
- BSc (Hons) in Finance and Accounting for Financial Services: 01, 04, 05, 06 and 07.
- BSc (Hons) in Finance, Investment and Risk: A2, A5 and A6.

11. Intended generic learning outcomes and, as appropriate, their relationship to programme learning outcomes

On completion of this module, students will be able to demonstrate achievement of the following generic learning outcomes:

1. Critical thinking skills.
2. Ability to learn through reflection on practice and experience.
3. Ability to work with complex material, including graphical material and simple algebraic functions.
4. Ability to analyse problems and identify appropriate solutions.
5. Ability to work and study independently and utilise resources effectively.
6. Communication and report writing skills.

These intended generic learning outcomes contribute to the following programme learning outcomes:

- Professional Certificate in Banking: 01, 02, 03, 04, 05 and 06.
- Professional Certificate in Financial Services: B - D.
- BSc (Hons) in Finance and Accounting for Financial Services: B - D.
- BSc (Hons) in Finance, Investment and Risk: B - D.

12. Learning and teaching

A. Learning hours

For a module of study worth 15 credits, the total expected study hours are 150 (ie ten hours per credit). The contact hours will depend upon the student's mode of study.

B. Tuition support

Distance learning

Distance learning allows students to study independently within a clear framework, but at a pace that suits their personal circumstance's and study needs. Over their course of study (24 weeks), students will be provided with comprehensive learning materials, study guides and will be assigned to a subject specialist academic tutor to support their studies. Distance learners will have regular contact with The London Institute of Banking & Finance tutor and further practical support is available from The London School of Banking & Finance Student Services.

Flexible learning

Flexible learning allows distance learners to opt for two face-to-face workshops of approximately six hours each, evenly spread at appointed dates in each session (24 weeks).

Dispersed campuses

Dispersed campus students will have regular face-to-face sessions over each session of study. The timing will depend upon local timetabling arrangements (eg via evening classes)

Full-time students

Full-time students will study on a semester basis supported by their module lecturer. The weekly timetable will be advised at the start of the programme.

C. Learning materials and learning outcomes

The learning and teaching strategy is designed to ensure that the students achieve the learning outcomes by the end of the module. The learning and teaching methods include formal lecture and tutorial (full-time), online learning support from an appointed lecturer (distance / flexible learning), private study of text and other supporting materials, a formal coursework assignment, informal exercises, (both individual and group-based), and pooling of experience and knowledge through class / forum and individual discussion. The assessment strategy is designed to achieve a balance between testing the student's skills of knowledge recall and understanding, and those of research and application.

D. Reading

Students will be provided with a core text or equivalent, as detailed below but will also be expected to read and research the recommended reading on the course website. Lecturers may also recommend additional reading throughout the module.

Essential reading

- Hearn, J. (2012) *Economics*. Canterbury: *ifs School of Finance*.

Further reading

- Gillespie, A. (2011) *Foundations of Economics*, Oxford University Press. 2nd Edition.
- Exam Revision Notes AS/A-Level Economics. Philip Allan Publishers.
- AS/A Level Economics Essential Word Dictionary. Philip Allan Publishers.

Websites

- Bank of England: <http://www.bankofengland.co.uk/Pages/home.aspx>
- HM Treasury: <http://www.hm-treasury.gov.uk>
- Economics help: <http://www.economicshelp.org>
- Tutor2u: <http://tutor2u.net>

Each student will have access to the Virtual Learning Environment (VLE) and to *KnowledgeBank* learning resources (an electronic library service). A list of further readings relating to the syllabus, course work and end of course assignments can be found on the VLE.

It should be noted that due to the rapidly changing environment that encapsulates the financial services sector, the reading list above is indicative only. It is subject to review and update at the discretion of the module team. An up-to-date reading list is published in the Student Study Guide issued at the commencement of the module.

13. Assessment

Component	Duration / Length	Weighting
Component 1 Examination	2 hours	100%

There is one summative assessment component for this module. Students will sit a single two hour written examination contributing 100% to the module mark. A variety of question styles and approaches may be included in the examination.

The question paper will be structured as follows:

- **Section A** consists of three compulsory questions worth 10 marks each.
- **Section B** consists of two 20-mark questions, either one of which must be answered.

The pass mark for this component is 40%.

A scientific calculator may be used but it must not be programmable, nor have a wireless-communications capability, nor be capable of storing textual information. It must also not require a mains electricity supply. Calculators with any further functions are not allowed in the examination room.

Students should be aware of the regulations governing the award of credit and the arrangements for compensation, condonement and the capping of marks. Students should also be aware of the regulations relating to the resitting of assessment components and / or the retaking of modules. This information is contained within The London Institute of Banking & Finance's General and Academic Regulations for Students sections 7, 8 and 9.

Module Grading

A student's module performance grade is determined by their overall weighted average percentage score in accordance with the following:

Distinction: 70% – 100%
Pass: 40% – 69%

14. Syllabus

1. The economic problem

- Scarcity, choice and opportunity cost.
- Allocation of resources in mixed economies.
- The role of the market mechanism.
- The functions of markets.

2. A descriptive and graphical approach to the theory of price

- Demand, supply and equilibrium price.
- Price, income and cross elasticity of demand.
- Price elasticity of supply.
- Theories of price.

3. Competition: A descriptive and graphical approach

- Different types of competition.
- Perfect competition.
- Monopoly.
- Monopolistic competition.
- Oligopoly.
- Private v public ownership.

4. Market failure

- Inefficiency and non-optimal allocation of resources.
- Information failure and asymmetric information.
- Indirect taxation and subsidies.
- Public goods, merit goods and demerit goods.
- Issues of equality and equity.

5. National income statistics

- Identities and equations.
- Real and nominal.
- Using and interpreting.
- Comparing living standards over time and between countries.

6. The circular flow of income theory

- The flow of income.
- AD / AS model.
- Withdrawals / injections model.
- Multiplier.
- Accelerator.

7. Macroeconomic analysis of the main government objectives for:

- Inflation and deflation.
- Employment and unemployment.
- Sustainable economic growth.
- A satisfactory and sustainable balance of payments position.

8. Money, interest rates, monetary policy and central banks (the Bank of England)

- Money and its value.
- Liquidity preference theory.
- Loanable funds theory.
- ISLM model.
- Bank credit multiplier.
- Banking crises.
- Bank of England and monetary policy.

9. Government expenditure and taxation; fiscal policy and sovereign debt and its sustainability.

- Taxation.
- Expenditure.
- Borrowing.
- The National debt.
- Demand side policies.
- Supply side policies.

10. International trade

- Theory of comparative advantage.
- Free trade v protection.
- The balance of payments and exchange rates.
- Exchange rate theories.
- Fixed and floating exchange rates.
- International organisations, eg the International Monetary Fund, the World Bank, the World Trade Organisation, the European Central Bank, etc.