



Course and Examination Fact Sheet: Spring Semester 2019

6,272: Money, Banking and Financial Markets: Consumption and Finance

ECTS credits: 3

Overview examination/s

(binding regulations see below)

Decentral - Written examination (75%, 60 mins.)

Decentral - Presentation (individual) (25%)

Attached courses

Timetable -- Language -- Lecturer

[6,272,1.00 Money, Banking and Financial Markets: Consumption and Finance](#) -- Englisch -- [Gottlieb Charles](#)

Course information

Course prerequisites

Introductory course of macroeconomics at the bachelor level (e.g. Macroeconomics 2).

Course content

Summary and description:

This course focuses on the household side of financial markets, i.e., the economics behind household consumption, wealth and debt. We try to answer some important questions such as: Are households overindebted? How does risk and uncertainty affect consumption and saving decisions? Does the possibility of bankruptcy improve the welfare of households? Is mortgage debt making economies vulnerable to crises?

Qualification:

The course will familiarize participants with the main facts on finances of households which are then interpreted and analyzed within an analytical framework. Knowledge of this framework will be particularly useful for students who would like to prepare themselves for a master program in economics.

Methods:

We refresh the knowledge of the Lagrangian method. We then use this method to analyze households' optimal consumption and saving behaviour over their life cycle.

Course objectives:

The goals of the course are that:

- students understand the main facts about consumption and saving behaviour in developed countries,
- students know where to find the data to compile such facts,
- students understand the leading theories about consumption and saving behaviour that allow to interpret these facts,
- students can critically evaluate the assumptions underlying the theories.

The main learning outcomes are that:

- students understand the predictions of the life-cycle model and the permanent income theory,
- students know the main puzzles in the field of consumption and household finance,
- students are able to evaluate economic policies that try to regulate financial decisions of households.



Course structure

This elective course is offered every spring semester. The course is structured in weekly lectures. One presentation/assignment is part of the course.

Course literature

The lecture notes are the main reference for the material covered in the course. The notes draw on material contained in several books mentioned below (in alphabetical order of the author name). These books serve as useful references for further reading on the topic.

Bertola, Giuseppe, Richard Disney and Charles Grant: The Economics of Consumer Credit, MIT Press, 2006. Campbell, John Y. and Luis M. Viceira: Strategic Asset Allocation, Oxford University Press, 2002. Davis, Morris: Macroeconomics, Cambridge University Press, 2009. Deaton, Angus: Understanding Consumption, Oxford University Press, 1992. Gollier, Christian: The Economics of Risk and Time, MIT Press, 2001. Jappelli, Tullio and Luigi Pistaferri: The Economics of Consumption, Oxford University Press, 2017.

Additional course information

This course complements the courses "Money, Banking and Financial Markets: Monetary Policy and International Finance," which is read in the autumn semester by Prof. Martin Brown. Whereas the focus of these courses is much more on banks and firms, this course on "Consumption and Finance" focuses more on households and their financial decisions.

Examination information

Examination sub part/s

1. Examination sub part (1/2)

Examination time and form

Decentral - Written examination (75%, 60 mins.)

Remark

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Examination-aid rule

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

Supplementary aids

No other aids are permitted.

Examination languages

Question language: English

Answer language: English

2. Examination sub part (2/2)

Examination time and form



Decentral - Presentation (individual) (25%)

Remark

In class presentation.

Examination-aid rule

Practical examination

No examination-aid rule is necessary for such examination types. The rules and regulations of the University of St. Gallen apply in a subsidiary fashion.

Supplementary aids

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Examination languages

Question language: English

Answer language: English

Examination content

All material covered in the lecture notes is relevant to the examination.

Examination relevant literature

Lecture notes. All additional readings are optional.

Please note

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members' personal databases, information provided in lectures, etc. When will the fact sheets become binding?

- Information about courses and examination time (central/decentral and grading form): from the start of the bidding process on 24 January 2019
- Information about decentral examinations (examination-aid rule, examination content, examination relevant literature): after the 4th semester week on 18 March 2019
- Information about central examinations (examination-aid rule, examination content, examination relevant literature): from the start of the enrolment period for the examinations on 08 April 2019

Please look at the fact sheet once more after these deadlines have expired.