



## Course and Examination Fact Sheet: Autumn Semester 2019

### 9,272: Economics of Central Banking

ECTS credits: 4

#### Overview examination/s

(binding regulations see below)

Decentral - Written examination (75%, 90 mins.)

Decentral - Group examination paper (all given the same grades) (25%)

#### Attached courses

Timetable -- Language -- Lecturer

[9.272.1.00 Economics of Central Banking](#) -- Englisch -- [Cucho-Curti Nicolas](#)

#### Course information

##### Course prerequisites

The course requires knowledge of basic macroeconomic principles from the bachelor level. Although the course is self-contained (main mathematical instruments are reviewed during the course), a substantial background in mathematics may be useful (i.e. optimization methods with a Lagrangian, basic operations in matrix algebra, and basic statistical and econometric methods).

##### Course content

The goal of the course "Economics of Central Banking" is to help students to better understand the design, the implementation, and the challenges of current monetary policy of different central Banks.

The course is organized in two broad sections. First, the course focuses on actual monetary policy strategies, i.e. the link between monetary policy instruments and the objectives of central banks. The course uses examples of some important central banks (in particular the Swiss National Bank, but also the European Central Bank, the Federal Reserve Bank, and the Bank of England). Models and quantitative methods play a crucial role in monetary policy strategies, guiding central banks in the use of their instruments, for both conventional and unconventional monetary policy, to achieve defined goals such as price stability. Moreover, the written communication of central banks is also analyzed during the Course.

The second section focuses on three challenges characterizing the current central bank world: i) the search for empirical evidence, ii) the time inconsistency problem, and iii) the digital revolution.

First, the continuous assessment of the impact of monetary policy on the economy is a priority for central banks. Put in other words, the relations between central bank variables (e.g. interest rate, money) and macroeconomic variables (e.g. output, unemployment, inflation) are investigated.

Second, basic models about a possible time inconsistency in central bank decisions and the so-called inflation bias problem are reviewed. A few solutions against the inflation bias are investigated, too.

Finally, the digital revolution faced by central banks is analyzed in detail. For example, alternative forms of digital currency (e.g. cryptocurrencies or stable coins) might challenge the position of central banks. Another important question is whether central banks might issue digital currencies of their own (central bank digital currency or CBDC) at some stage in the future. These developments touch upon the role of central bank money, the direct access to central bank liabilities and the structure of financial intermediation.

##### Course structure

See course content.

##### Course literature

All slides available in pdf format at the beginning of the course. URL follows.

##### Additional course information

None.

##### Examination information



## Examination sub part/s

### 1. Examination sub part (1/2)

#### Examination time and form

Decentral - Written examination (75%, 90 mins.)

#### Remark

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#### Examination-aid rule

Open Book

Students are free to choose aids but will have to comply with the following restrictions:

- At such examinations, all the pocket calculators of the Texas Instruments **TI-30 series** are admissible. Any other pocket calculator models 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 electronic dictionaries, notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

#### Supplementary aids

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#### Examination languages

Question language: English

Answer language: English

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### 2. Examination sub part (2/2)

#### Examination time and form

Decentral - Group examination paper (all given the same grades) (25%)

#### Remark

Two-page summary of a given seminal paper

#### Examination-aid rule

Term papers

- Term papers must be written without anyone else's help and in accordance with the known quotation standards, and they must contain a declaration of authorship.
- The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the APA or MLA standards. The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into the text in accordance with the precepts of the applicable quotation standard, while informative and bibliographical notes must be added as footnotes (recommendations and standards can be found, for example, in METZGER, C. (2017), Lern- und Arbeitsstrategien (12th ed., Cornelsen Schweiz).
- For any work written at the HSG, the indication of the page numbers both according to the MLA and the APA standard is never optional.
- Where there are no page numbers in sources, precise references must be provided in a different way: titles of chapters or sections, section numbers, acts, scenes, verses, etc.
- For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B. (2018, Juristisches Arbeiten: Eine Anleitung für Studierende (6. Auflage), Zürich: Schulthess, or the recommendations of the Law School).

#### Supplementary aids

List of seminal papers available at the beginning of the term.

#### Examination languages

Question language: English

Answer language: English

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## Examination content

The exam will be based on the course and the given slides.

### Examination relevant literature

See course literature, given during the course.



## Please note

Please note that this fact sheet alone is binding and has priority over any other information such as StudyNet (Canvas), personal databases or faculty members' websites and information provided in their lectures, etc.

Any possible references and links within the fact sheet to information provided by third parties are merely supplementary and informative in nature and are outside the University of St.Gallen's scope of responsibility and guarantee.

Documents and materials that have been submitted no later than the end of term time (CW51) are relevant to central examinations.

Binding nature of the fact sheet:

- Information about courses and examination time (central/decentral) and examination type starting from the beginning of the bidding on 22 August 2019
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for decentral examinations after the 4th semester week on 14 October 2019
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for central examinations as from the starting date for examination registration on 4 November 2019

Please consult the fact sheet again after these deadlines have expired.