



Course and Examination Fact Sheet: Spring Semester 2020

6,272: Money, Banking and Finance

ECTS credits: 6

Overview examination/s

(binding regulations see below)

Decentral - Presentation (in groups - all given the same grades) (30%)

Decentral - Written examination (70%, 90 mins.)

Attached courses

Timetable -- Language -- Lecturer

[6,272,1.00 Money, Banking and Finance](#) -- Englisch -- [Koeniger Winfried](#) , [Ramelet Marc-Antoine](#)

Course information

Course prerequisites

We apply basic knowledge in math that students have acquired during the assessment year. We refresh the knowledge of the Lagrangian method, which we apply to analyze households' optimal consumption and saving decisions and asset pricing.

Learning objectives

Aims and course objectives

The course

- familiarizes students with stylized facts on financial markets, financial institutions, financial regulation, asset prices, consumption and saving behavior of households.
- introduces students to data sources on the discussed topics,
- explains the leading theories to interpret the stylized facts,
- allows students to critically evaluate the assumptions underlying the theories.

The course targets a general audience but will be particularly useful for students who contemplate of doing a Master in Economics.

Learning goals

The main learning goals are that students

- understand the functions of financial markets and of financial-market institutions,
- are able to apply models of asset pricing and of optimal consumption/saving decisions over the life cycle,
- understand the main empirical puzzles in financial markets,
- are able to evaluate economic policies that try to regulate financial decisions.

Course content

This course gives an introduction to the economics of financial markets. The first part of the lecture discusses the main functions of financial markets, financial institutions and their regulation. The second part of the course introduces students to models of asset pricing and household finances. The insights from both parts of the lecture are applied to understand important aspects of financial crises.

The course deals with the following topics:



Part I

- Financial markets and financial instruments
- The building blocks of the financial system: banks, the payment system and central banks.
- Financial markets for bonds, stocks and cryptocurrencies.
- Information asymmetries in financial markets.
- Financial crises, financial innovation and regulation.

Part II

- Asset pricing I: the capital-asset pricing model.
- Optimal consumption and savings decisions of households.
- Household portfolio choice of risky and riskless assets.
- Asset pricing II: the consumption-based asset pricing model (CCAPM)
- Housing, the mortgage market and the great recession.
- Unsecured Credit and the Credit-Card Debt Puzzle.

Course structure

The course is articulated in four-hour sessions. One presentation is part of the course.

Course literature

The first part of the course is based on the following textbook:

Mishkin; Frederic S.: *The Economics of Money, Banking and Financial Markets*, Pearson, 2018.

As further reading on the topic, the following textbooks are recommended:

Pilbeam, Keith: *Finance & Financial Markets*, Palgrave, 2018.

Valdez, Stephen and Philip Molyneux: *An Introduction to Global Financial Markets*, Palgrave, 2016.

For the second part of the course, the lecture notes are the main reference for the material covered in the course. Since household finance is a relatively young field of research, there still does not exist one core textbook which can be used as reference for this course. The course will thus draw on material contained in several books mentioned below (in alphabetical order of the author name). These books/articles also 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.

Tufano, Peter: *Consumer Finance*, Annual Review of Financial Economics, pp. 227-247, 2009.

Additional course information

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Examination information

Examination sub part/s

1. Examination sub part (1/2)



Examination time and form

Decentral - Presentation (in groups - all given the same grades) (30%)

Remark

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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

2. Examination sub part (2/2)

Examination time and form

Decentral - Written examination (70%, 90 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

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Examination languages

Question language: English

Answer language: English

Examination content

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

Examination relevant literature

Mishkin chapters mentioned in the syllabus, lecture notes and slides.



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 (CW21) 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 23 January 2020
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for decentral examinations after the 4th semester week on 16 March 2020
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for central examinations as from the starting date for examination registration on 6 April 2020

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