



Course and Examination Fact Sheet: Spring Semester 2021

6,272: Money, Banking and Finance

ECTS credits: 6

Overview examination/s

(binding regulations see below)

Decentral - Presentation (individual) (30%)

Examination time: term time

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

Examination time: term time

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.
- Transmission of monetary policy in financial markets.

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

Part of the course is planned as face-to-face teaching in lecture rooms and some parts may be conducted online. Due to possible limits of the lecture rooms' capacity, to maintain the proper social distancing measures in place, it might be that the class will be split into groups and the groups will alternate being present in the lecture room. Then, sessions will be simultaneously broadcasted and recorded via Zoom in the cloud for the group of students not present in the lecture room. Further information will be made available via StudyNet.

In the case of the President's Board having to implement new directives due to the SARS-CoV-2 pandemic in SpS2021, the course



information listed above will be changed as follows:

- The course is conducted online via the platform Zoom;
- The recordings of the course are available for 30 days;
- The lecturer informs via StudyNet about the changed implementation modalities of the course;
- There are no changes necessary to the course information.

The examination information listed below would be changed as follows:

- The presentations are conducted online and are being recorded

Examination information

Examination sub part/s

1. Examination sub part (1/2)

Examination time and form

Decentral - Presentation (individual) (30%)

Examination time: term time

Remark

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Examination-aid rule

Presentations

In presentations, aids for visual presentation can be used. These aids can be specified or restricted by the lecturers.

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.)

Examination time: term time

Remark

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Examination-aid rule

Examinations with electronic aids - on campus or online

For examinations with electronic aids, students may be asked to install a predefined software on their own computer. The procurement and financing of the necessary technical aids, hardware and software as well as ensuring their functionality is the responsibility of the students, unless they are explicitly provided by the University.

If the examination is conducted with the candidates' own laptop or computer, the private device must meet the following requirements:

- Operating system: Windows or macOS
- Software: Microsoft Excel (minimum: Office 2016 or Microsoft Office 365) and current internet browser;
- All necessary updates for the controlled functioning of the operating system and the required software must be installed;



- HSG login: The HSG account must be functional and the access data must be known;
- Network and power: The device must be WLAN capable and have a stable internet connection. For examinations written outside the University premises, a stable internet connection with a sufficiently high transmission rate as well as the availability of a power supply must be ensured at the user's own responsibility;
- Battery life: Operation must be guaranteed during the entire examination period. The device must have a battery life of at least 90 minutes. It is recommended to carry a working power supply;
- Video and audio capability: For examinations which are not held on University premises, the equipment must have a functioning webcam and a functioning, correctly adjusted microphone.

Participants are responsible for ensuring that their equipment is working properly and allows the partaking in the examination. Any deficiencies in the personal infrastructure are the responsibility of the students. Any deficiencies due to the students' own technology or a lack of an uninterrupted internet connection will not be recognized as procedural errors in the execution of the examination.

The examination is to be taken exclusively by the candidate and only with the help of the permitted aids. The use of additional software, in particular of another internet browser or communication software, is strictly forbidden during the entire examination. Any use of software other than the specified software requires the express prior written permission of the examination administration.

When using a LockDown browser, all applications (internet browser, Office, file explorer, etc.) are blocked and the documents on the computer are therefore not accessible. Any other aids and documents permitted in this leaflet must therefore be printed and/or physically available.

In the case of examinations with electronic aids on the premises of the University, the following shall apply in particular

- After the corresponding request of the examination administration, all connections of the device with networks or other devices (mobile network, WLAN, Bluetooth, etc.) must be disconnected.

For online examinations that do not take place on the University campus, the following applies in particular:

- The identity of the examinee will be verified via webcam before the examination begins. Photographs can be taken. The HSGcard or identity card must be kept ready for this purpose.
- Any unannounced unauthorized removal from the recording area of the webcam may be punished as a culpable violation of the examination conditions.
- Oral examinations may be recorded. The recording may be used for evaluation purposes and documents the examination in the event of appeal and/or disciplinary proceedings. The recordings shall be deleted after the appeal period or any proceedings have expired.
- The use of a headset is only permitted during an oral examination.

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 only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW21) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 12 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 04 (Thursday, 28 January 2021);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 12 (Monday, 22 March 2021);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 12 (Monday, 22 March 2021);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 14 (Thursday, 8 April 2021).