



Course and Examination Fact Sheet: Spring Semester 2022

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 (with defined exam duration) (70%, 120 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 consumption-based 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.
- Money, reserve banking, cryptocurrencies.
- Financial instruments (bonds, stocks, foreign currency).
- Modern portfolio theory and CAPM.
- Monetary policy and financial markets.
- Information asymmetries in financial markets.
- Financial crises and regulation.
- Bank runs.
- Covid crisis, Swiss guaranteed loan program.

Part II

- Optimal consumption and saving decisions of households.
- Household portfolio choice of risky and riskless assets.
- 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 and indications of the learning and teaching design

The course is articulated in weekly 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

In the case of the President's Board having to implement new directives due to the SARS-CoV-2 pandemic in SpS2022, the course information listed above will be changed as follow

- The course is conducted online via the platform Zoom;
- The recordings of the course are available for 30 days;



- The lecturer informs via StudyNet and e-mail on the changed implementation modalities of the course.

The examination information listed below would be changed as follows:

- The presentations are conducted online via Zoom;
- The exam will be held online or changed into a take-home exam;
- The lecturer informs via StudyNet and/or e-mail on the changed examination modalities of the course.

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

Remark: video presentation; group possible

Examination-aid rule

Presentation in the form of a video / podcast

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

The procurement of the aids as well as ensuring the functionality and fulfillment of the technical requirements is exclusively the responsibility of the students.

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 (with defined exam duration) (70%, 120 mins.)

Examination time: term time

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, 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

The examination will cover the following topics:

- Financial markets
- Money, reserve banking, cryptocurrencies and CBDC
- Financial instruments (bonds, stocks, foreign currency)
- Modern portfolio theory and CAPM
- Monetary policy and financial markets
- Information asymmetries in financial markets
- Financial crises and regulation
- Bank runs
- Covid crisis and the Swiss guaranteed loan program
- Optimal consumption and saving decisions of households
- Household portfolio choice of risky and riskless assets
- The consumption-based asset pricing model (CCAPM)
- Housing, the mortgage market and the great recession
- Unsecured Credit and the Credit-Card Debt Puzzle

Examination relevant literature

Mishkin chapters mentioned in the syllabus, lecture notes and slides, made available via Studynet before the examination.

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, 27 January 2022);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 12 (Monday, 21 March 2022);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 12 (Monday, 21 March 2022);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 15 (Monday, 11 April 2022).