



## Course and Examination Fact Sheet: Spring Semester 2023

### 8,274: Corporate Finance, Banking and Venture Capital

ECTS credits: 4

#### Overview examination/s

(binding regulations see below)

Central - Written examination (60%, 90 mins.)

Examination time: inter-term break

Decentral - examination paper written at home (individual) (20%)

Examination time: term time

Decentral - Presentation (individual) (20%)

Examination time: term time

#### Attached courses

Timetable -- Language -- Lecturer

[8,274.1.00 Corporate Finance, Banking and Venture Capital](#) -- Englisch -- Kogler Michael , Keuschnigg Christian

#### Course information

##### Course prerequisites

A solid knowledge of microeconomic incentive theory is required.

##### Learning objectives

Students acquire special knowledge in corporate finance, with an emphasis on banking and venture capital. The course prepares for further PhD studies and for work in financial policy institutions and the private sector. Course objectives include getting the state-of-the-art knowledge in venture capital, banking, and corporate finance; formulating research questions and adopting appropriate research design; learning how to effectively communicate research insights.

##### Course content

**Summary:** The lectures introduce into the economics of corporate finance and emphasize the role of venture capital and bank credit in financing firms. How can monitoring by banks ease financial constraints and mitigate credit rationing? Which firms are suitable to bank financing, capital markets, and venture capital? How can venture capital help firms raise more capital and grow larger? Why do bank deposits, which provide valuable insurance against sudden liquidity needs, make banks susceptible to runs and panics? How can we integrate banks and financial markets in macroeconomic models?

**Methods:** Applied theory. A solid knowledge of microeconomic incentive theory is useful.

**Development of competencies:** The lectures develop essential theoretical, empirical and institutional insights. They also train analytical tools which are required to independently analyze problems in venture capital and bank financing and to conduct economic research (e.g. a Master thesis) that meets high academic standards. Summaries of empirical research and oral presentations in class help students to become professional communicators.

The following topics are emphasized:

1. Adverse selection in capital markets
2. Venture Capital
3. Moral hazard, external leverage, and financial constraints
4. Bank financing vs. capital markets
5. Liquidity insurance, maturity transformation, and bank runs
6. Banks and delegated monitoring
7. Banking in Macroeconomics

There might be small changes during the course. The precise contents are announced at the beginning of the semester and are continuously updated on Canvas.

## Course structure and indications of the learning and teaching design

**The course consists of contact studies and self-studies.**

**Contact studies:** lecture material is provided on Canvas.

**Self-studies:** students must provide a summary of an empirical paper selected from the reading list (see course outline on studynet) and give a short presentation of this empirical paper in class.

## Course literature

Self-contained manuscripts, original journal articles, and book chapters.

See Canvas for a detailed course outline including literature.

Further reading (indicative): Selected chapters from Tirole, Jean (2006), *The Theory of Corporate Finance*, Princeton University Press; Freixas, Xavier and Jean-Charles Rochet, (2008), *Microeconomics of Banking*, MIT Press.

## Additional course information

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## Examination information

### Examination sub part/s

#### 1. Examination sub part (1/3)

##### Examination time and form

Central - Written examination (60%, 90 mins.)

Examination time: inter-term break

##### Remark

Based on contact studies

##### Examination-aid rule

Closed Book

The use of aids is prohibited as a matter of principle, with the exception of pocket calculator models of the Texas Instruments TI-30 series and, in case of non-language exams, bilingual dictionaries without any handwritten notes. Any other aids that are admissible must be explicitly listed by faculty members in the paragraph entitled "Supplementary aids" of the course and examination fact sheet; this list is exhaustive.

Procuring any aids, as well as ensuring their working order, is the exclusive responsibility of students.

##### Supplementary aids

None

##### Nature of examination

analog

##### Examination languages

Question language: English

Answer language: English



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## 2. Examination sub part (2/3)

### Examination time and form

Decentral - examination paper written at home (individual) (20%)  
Examination time: term time

### Remark

Non-technical summary of an empirical paper

### Examination-aid rule

Free aids provision

Basically, students are free to choose aids. Any restrictions are defined by the faculty members in charge of the examination under supplementary aids.

### Supplementary aids

none

### Nature of examination

analog

### Examination languages

Question language: English  
Answer language: English

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## 3. Examination sub part (3/3)

### Examination time and form

Decentral - Presentation (individual) (20%)  
Examination time: term time

### Remark

Classroom presentation of an empirical paper

### Examination-aid rule

Free aids provision

Basically, students are free to choose aids. Any restrictions are defined by the faculty members in charge of the examination under supplementary aids.

### Supplementary aids

none

### Nature of examination

analog

### Examination languages

Question language: English  
Answer language: English

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## Examination content

The written exam is based on the lectures of **the contact studies and counts 60% of the grade** and covers the following topics:

1. Adverse selection in capital markets
2. Venture Capital
3. Moral hazard, external leverage, and financial constraints
4. Bank financing vs. capital markets
5. Liquidity insurance, maturity transformation, and bank runs



6. Banks and delegated monitoring
7. Banking in Macroeconomics

The examination paper (20%) requires students to provide a summary of an empirical paper selected from the reading list (see course outline on studynet) and give a short presentation (20%) of this empirical paper in class. Summary and presentation count **40% of the grade in total**.

## Examination relevant literature

Lecture notes, slides, manuscripts and original literature as listed on Canvas by the last session before the exam.

### 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, 26 January 2023);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 12 (Monday, 20 March 2023);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 12 (Monday, 20 March 2023);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the de-registration period in CW 15 (Monday, 10 April 2023).