



## Course and Examination Fact Sheet: Autumn Semester 2024

### 10,271: Microeconomics for Finance

ECTS credits: 4

#### Overview examination/s

(binding regulations see below)

decentral - Written examination, Analog, Individual work individual grade (80%)

Examination time: Term time

decentral - Presentation, Analog, Group work individual grade (10%)

Examination time: Term time

decentral - Written work, Digital, Group work group grade (10%)

Examination time: Term time

#### Attached courses

Timetable -- Language -- Lecturer

[10,271,1.00 Microeconomics for Finance](#) -- English -- [Müller-Itten Michèle](#)

#### Course information

##### Course prerequisites

I will assume that you master the material typically covered in an undergraduate sequence of calculus and linear algebra, including constrained optimization. You will also need a good command of mathematical notation and proof techniques. Prior knowledge of microeconomics is helpful.

##### Learning objectives

The course provides a brief yet rigorous introduction to modern microeconomic theory, with applications to financial economics. It equips students to pursue their own research by familiarizing them with the fundamental tools of decision theory, noncooperative games and contract theory.

Upon successful completion of this course, students are able to...

- construct models of choice with and without uncertainty.
- recognize key assumptions behind utility maximization models and noncooperative games.
- determine the equilibrium strategies and beliefs in simultaneous and sequential multiplayer games.
- articulate how market structure and information frictions affect resource allocation and efficiency.

##### Course content

The course is organized in three parts. Part I concerns individual decision making, with topics such as revealed preference, choice under uncertainty and consumer demand. Part II concerns strategic interactions and uses tools of noncooperative game theory to predict behavior in simultaneous and dynamic settings with and without perfect information. Part III concerns contract theory and shines a spotlight on situations with information frictions, such as adverse selection and moral hazard problems. Throughout, the theoretical tools are connected to applications from financial economics.

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

The course is taught in a 'flipped' format, requiring substantial independent preparation before and active participation during each class. Most new material will be introduced ahead of time (on studynet) through short lecture videos and/or readings. This gives you an opportunity to go through the new material at your own pace, and frees up time for clarifications and



interactive activities. Class meetings will be mostly structured as a “problem-solving workshop”, where we address the questions that came up during the prep and work through practice problems that apply the material to concrete situations.

## Course literature

Lecture notes and digital resources will be available on StudyNet.

In addition, the following texts are useful supplementary references on the topics discussed in the course:

- Bolton, P., and M. Dewatripont, (2004). Contract Theory. MIT Press
- Hammack, R., (2013). Book of proof. 2013. Available [online](#).
- Kreps, D., (2012). Microeconomic Foundations I: Choice and Competitive Markets. Princeton University Press.
- Kreps, D., (2023). Microeconomic Foundations II: Imperfect Competition, Information, and Strategic Interaction. Princeton University Press.
- Laffont, J.-J., and D. Martimort, (2002). The Theory of Incentives: The Principal-Agent Model, Princeton University Press.
- Levin, J., and P. Milgrom (2004). Introduction to choice theory, Course notes. Available [online](#).
- Mas-Colell, A., Whinston, M. D., & Green, J. R. (1995). Microeconomic theory (Vol. 1). New York: Oxford University Press.
- Salanie, B., (2017). The Economics of Contracts: A primer. MIT Press.
- Tadelis, S., (2013). Game Theory: An Introduction. Princeton University Press.

## Additional course information

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## Examination information

### Examination sub part/s

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

##### Examination modalities

Examination type	Written examination
Responsible for organisation	decentral
Examination form	Written exam
Examination mode	Analog
Time of examination	Term time
Examination execution	Synchronous
Examination location	On Campus
Grading type	Individual work individual grade
Weighting	80%
Duration	--

##### Examination languages

Question language: English

Answer language: English

##### Remark

final exam

##### 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

Each student can bring one double-sided, A4-sized, handwritten note sheet to the exam.

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

### Examination modalities

Examination type	Presentation
Responsible for organisation	decentral
Examination form	Oral examination
Examination mode	Analog
Time of examination	Term time
Examination execution	Asynchronous
Examination location	On Campus
Grading type	Group work individual grade
Weighting	10%
Duration	--

### Examination languages

Question language: English  
Answer language: English

### Remark

group presentations

### 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

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

### Examination modalities

Examination type	Written work
Responsible for organisation	decentral
Examination form	Written work
Examination mode	Digital
Time of examination	Term time
Examination execution	Asynchronous
Examination location	Off Campus
Grading type	Group work group grade
Weighting	10%
Duration	--



## Examination languages

Question language: English

Answer language: English

## Remark

graded homework

## 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

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## Examination content

During the semester, students will submit graded problem sets (accounting for 10% of the total grade) that cover key concepts from the previous classes. Students are encouraged to discuss and submit problems in small groups.

Towards the end of the course, students will present one game theoretic model from a finance research paper (accounting for 10% of the total grade) in small teams. Unless there are marked differences of competency during the presentation, all team members will receive the same grade for the presentation.

At the end of the semester there is a final written exam (accounting for 80% of the total grade), covering all course content. A detailed syllabus will be provided no later than the end of the first week of class.

## Examination relevant literature

Lecture slides and videos, problem sets and solutions, class problems, individual lecture notes, assigned readings.

### 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 (CW51) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 42 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 34 (Thursday, 22nd August 2024);
- Examination information (supplementary aids, examination contents, examination literature) for decentralised examinations: in CW 12 (Monday, 18 March 2024);
- Examination information (supplementary aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 42 (Monday, 14 October 2024);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before ending with de-registration period in CW 45 (Monday, 04



November 2024).