

2018.HS

| Module Name: Market and Environment of Financial Institutions | |
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| Module Code | w.MA.XX.MUF-M1-PiE.18HS |
| Module Description | In the financial markets, players navigate an environment characterized by momentum and complexity. Those in charge need to be able to recognize early any changes in the economic, legal, social, and political environment. They also need to be able to evaluate and redefine their strategies. Besides other trends and developments, issues of competitiveness, resilience, and the regulation of financial systems and financial centers are gaining in importance. At the same time, conflicts of interest in the context of domestic and international taxation are increasing. The module 'Market and Environment of Financial Institutions' develops students' basic knowledge of the macro-economic significance of financial markets and the tax-related and regulatory environment of the financial sector. The focus of this module is on economic analysis of the relationships between the financial system and the real economy, in particular the causes and effects of economic and financial crises, the determinants of financial market regulation/stability, and the position of Switzerland in the international competition of financial centers. |
| Program and Specialization | Banking and Finance (PiE) |
| Legal Framework | Academic Regulations MSc in Banking and Finance dated 29.09.2011, Appendix to the Academic Regulations for the degree program in Banking and Finance, first adopted on 28.08.2012 |
| Module Category | Module Type: Compulsory |
| ECTS | 6 |
| Organizational Unit | W Institut für Wealth & Asset Management |
| Module Coordinator | Marion Pester (pesr) |
| Deputy Module Coordinator | Maria Clara Rueda Maurer (rued) |
| Prerequisite Knowledge | The module builds on the foundations of a Bachelor's degree program in Business Administration with a specialization in Banking and Finance. |
| Contribution to Program Learning Goals (Affected by Module) | <ul style="list-style-type: none"> § Professional Competence § Methodological Competence § Social Competence § Self-Competence |
| Contribution to Program Learning Objectives | <ul style="list-style-type: none"> Professional Competence § Knowing and Understanding Content of Theoretical and Practical Relevance § Apply, Analyze, and Synthesize Content of Theoretical and Practical Relevance § Evaluate Content of Theoretical and Practical Relevance Methodological Competence § Problem-Solving & Critical Thinking § Scientific Methodology § Work Methods, Techniques, and Procedures § Information Literacy § Creativity & Innovation Social Competence § Written Communication § Oral Communication § Teamwork & Conflict Management § Intercultural Insight & Ability to Change Perspective Self-Competence § Self-Management & Self-Reflection § Ethical & Social Responsibility § Learning & Change |
| Module Learning Objectives | <p>Students...</p> <ul style="list-style-type: none"> § have fundamental knowledge of the theoretical explanatory statements concerning the existence of financial intermediaries, in particular banks, and their economic significance and mandate. § know the interdependencies of the financial system and real economic sector of an economy and know how macro-economic models are used to analyze it. § understand how goods and financial markets operate in the context of fixed and flexible exchange rate regimes. § know the causes, development, and economic effects of banking, financial, and currency crises as well as their model-theoretical analysis. § know the key economic determinants of state regulatory measures for financial markets and financial intermediaries. |

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| | <ul style="list-style-type: none"> § know the basic characteristics of Switzerland as a financial center and its significance for the Swiss economy. § are able to analyze and evaluate changes in the environment of a financial system and the financial markets using macro-economic models and recognize the relevant consequences for the financial markets. § are able to assess current developments and future effects of the increasing international connectivity and interdependence of financial markets. § are able to list the causes and indicators of banking and financial crises as well as the economic and political measures employed to counteract them. § are able to explain the reasons for the regulation of financial markets and financial intermediaries and the significance of financial market stability in a national and international context. § are able to evaluate the essential success factors of financial centers competing internationally. § are able to discuss current issues of Swiss financial market policy and explain interrelationships. § are able to describe the subject, aims, and methods of financial market regulation. § are able to explain the basic principles of current and planned future supervision of financial service providers in Switzerland and the rules of behavior and regulations to combat abuse resulting from them. § are able to analyze and solve financial-market cases and issues and reflect on them from the point of view of their effects on society. § are able to evaluate the legal challenges of providing cross-border financial services and explain the legal problems of the international exchange of information. § are able to categorize the measures banks need to take in times of crisis from an economic and a legal perspective. § are able to describe the fundamental principles of national and international tax law in Switzerland and aspects of taxation that are relevant for Switzerland as a financial center. | | |
| Module Content | <ul style="list-style-type: none"> § Financial intermediaries and financial markets: theoretical explanatory statements about the existence of financial intermediaries, in particular banks, causes and effects of banking crises/scares, and economic determinants for the regulation of financial intermediaries and markets. § Open economies: implications of open goods and financial markets, exchange rates, currency regimes, parity of purchasing power and interest rates, carry trades § Economic development of an open economy: analysis of the short term using IS-LM and IS-TR models, effects of fiscal and monetary policy with fixed and flexible exchange rates, the Taylor rule, the trilemma of monetary policy § Economic development of an open economy: analysis of the adaptation mechanisms in the medium and long term using the AS-AD model, effects of fiscal and monetary policy using fixed and flexible exchange rates, for and against flexible vs. fixed exchange rates § Economic and financial crises: definition and delimitation, causes and transmission mechanisms between the financial and the real sector, economic effects, modeling using IS-LM and AS-AD models § Currency crises: currency speculation and currency crises, theoretical modeling, global imbalances as causes of currency crises, the connection between economic/financial crises and currency crises § Global economic and financial crises: infection mechanisms, international coordination of fiscal and monetary policy, the financial, economic, and debt crisis since 2008 | | |
| Links to other modules | The content of this module is linked to the following module: w.MA.XX.MVF-M2-PIE.15HS | | |
| Methods of Instruction | <ul style="list-style-type: none"> § Lecture § Interactive Instruction § Application Tasks § Case Studies § Exercises § Problem-Oriented Teaching § Explorative Learning § Literature Review | Social Settings Used: <ul style="list-style-type: none"> § Individual Work § Group Work | |
| Digital Resources | <ul style="list-style-type: none"> § Practice and Application Exercises (with Key) § Case Studies (with Key) | | |
| Type of Instruction | Classroom Instruction | Guided Self-Study | Autonomous Self-Study |
| | Lecture | 72 h | - |
| | Excercise | - | - |
| | Project Work | - | 42 h |
| | Seminar | - | - |
| | Total | 72 h | 42 h |
| | | | 66 h |

| Performance Assessment | | | |
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| End-of-module exam | Form | Length (min.) | Weighting |
| Written exam | Specified documentation | 90 | 100,00% |
| Permitted Resources | Non-programmable calculator | With dictionary | |
| Others | Assessment | Length (min.) | Weighting |
| - | - | - | - |
| Students are not allowed to revise and resubmit performance assessment tasks. | | | |
| Classroom Attendance Requirement | - | | |
| Language of Instruction/Examination | English | | |
| Compulsory Reading | § Blanchard, O., Amighini, A. & Giavazzi, F. (2013). Macroeconomics: A European Perspective. 2nd edition. Harlow: Pearson (Chapter 3 - 8, 12, 20 - 21: Copies will be distributed in class). ISBN 978-0-273-72800-9. § Mishkin, F. (2015). The Economics of Money, Banking, and Financial Markets. 11th edition. Harlow: Pearson (Chapters 2, 8, 11, Copies will be distributed in class). ISBN 1-29-209418-4. § Freixas, X. & Rochet, J. (2008). Microeconomics of Banking. 2nd edition. Cambridge, MA: MIT Press (Chapters 1, 2, 9, Copies will be distributed in class). ISBN 0-262-06193-7. | | |
| Recommended Reading | § Freixas, X., Laeven, L. & Peydró, J. (2015). Systemic Risk, Crises, and Macroprudential Regulation. 1st edition. Cambridge, MA: MIT Press. ISBN 9780262028691. § Additional sources will be discussed in the individual blocks. | | |
| Comments | Competencies required for admission (if necessary, these need to be brushed up or acquired by means of prior self-study): foundations of macro-economics (Mankiw/Taylor: Economics, 2nd edition, Cengage Learning 2011, Chapters 23-35), in particular balance of payments, exchange rates, and the AS-AD model. | | |