# Module title

Monetary Policy and the Financial System

| Abbreviation | 12-M-EG1-161-m01 |

## Module coordinator

holder of the Chair of Monetary Policy and International Economics

## Module offered by

Faculty of Business Management and Economics

<table>
<thead>
<tr>
<th>ECTS</th>
<th>Method of grading</th>
<th>Only after succ. compl. of module(s)</th>
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</thead>
<tbody>
<tr>
<td>5</td>
<td>numerical grade</td>
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## Duration

<table>
<thead>
<tr>
<th>Module level</th>
<th>Other prerequisites</th>
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<tr>
<td>1 semester</td>
<td>graduate</td>
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## Contents

The course deals with the following topics:
1. Intertemporal allocation -- How do households and firms take an optimal decision regarding investments and savings? Why are financial markets efficient? What is the meaning of financial accounting?
2. Banking, financial markets and crisis -- What are the main functions of banks? What are the roles of banks in an economy? What are the reasons and solutions for liquidity and solvency problems of banks?
3. Macroeconomic analysis of banks -- Banks as intermediaries vs. originators of saving deposits. Macro models of banking -- The role of banks during the financial crisis.
4. Money demand -- What are the key determinants of money demand?
5. The monetary transmission channel -- Connection between monetary policy and the real economy in the BMW model. Description of the basic model. Extension of the basic model of fiscal policy.
6. Deflation -- Consequences of deflation on macro variables on the basis of different models.

## Intended learning outcomes

By completing this course, students receive a profound understanding of theory and practice of the monetary policy and the financial system. Next to a profound knowledge of banking in general, students learn the monetary transmission channel. Students will be able to analyze these issues based on theoretical models as well as the international historical experience.

## Courses

<table>
<thead>
<tr>
<th>(type, number of weekly contact hours, language — if other than German)</th>
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## Method of assessment

(type, scope, language — if other than German, examination offered — if not every semester, information on whether module is creditable for bonus)

a) written examination (approx. 60 minutes) or b) term paper (approx. 15 pages)

Language of assessment: German and/or English

## Allocation of places

30 places. (1) Should the number of applications exceed the number of available places, places will be allocated by lot among all applicants irrespective of their subjects. (2) Places on all courses of the module with a restricted number of places will be allocated in the same procedure. (3) A waiting list will be maintained and places re-allocated by lot as they become available.

## Additional information

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## Referred to in LPO I (examination regulations for teaching-degree programmes)

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## Module appears in

- Master's degree (1 major) Economathematics (2016)
- Master's degree (1 major) Business Management (2015)
- Master's degree (1 major) China Business and Economics (2016)
- Master's degree (1 major) Media Communication (2016)
- Master's degree (1 major) China Language and Economy (2016)
Master's degree (1 major) Media Communication (2018)
Master's degree (1 major) Media Communication (2019)