Description

Financial technology (FinTech) refers to technological innovation that results in new business processes or products with material effect on the financial industry. The rise of FinTech firms may have both positive and negative impacts on the financial sector and the broader economy. This course applies economic concepts to analyze the rise of FinTech and its implications to the economy. It addresses policy implications of FinTech on financial stability, central banking, and monetary policy. The aim is to highlight the importance of formulating appropriate policies to foster healthy development of the FinTech sector and ensure the financial stability of the economy.

Prerequisite

ECON 3014 or ECON 3113

Course Intended Learning Outcomes

Upon successful completion of this course, students will be able to:

1. Use economic concepts to analyze the reasons for the rises of FinTech. (CILG 1, 3, 7)
2. Explain implications of FinTech on the financial sector and the rest of the economy. (CILG 1, 3, 7)
3. Identify potential benefits and risks of FinTech for financial stability. (CILG 1, 3, 7)
4. Address implications of FinTech on central banking and monetary policy. (CILG 1, 3, 7)
**Teaching Approach**

This course is mainly delivered through lectures, in-class discussion, and a group project with presentation.

<table>
<thead>
<tr>
<th>Teaching &amp; Learning Activities</th>
<th>Roles in the Course</th>
<th>Course Learning Outcomes Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lectures</td>
<td>Explain key concepts and models to students.</td>
<td>1, 2, 3, 4</td>
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<tr>
<td>In-class discussions</td>
<td>Learn to develop critical thinking in analyzing FinTech questions.</td>
<td>1, 2, 3, 4</td>
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<tr>
<td>Group project with presentation</td>
<td>Learn to apply theories to analyze real world issues and present case-study analysis.</td>
<td>1, 2, 3, 4</td>
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**Course Outline**

1. Introduction to FinTech
   - Types of FinTech
   - Reasons for the Rises of FinTech
2. Determinants of FinTech
   - Supply and Demand Analysis of FinTech
   - Economics of Crowdfunding
   - Economic and Technological Determinants
3. Economic and Financial Implications of FinTech
   - Impacts on Household Saving
   - Impacts on Financial Services Industry
   - Monetary Policy Implications
4. FinTech and Financial Stability
   - Potential Benefits and Risks for Financial Stability
   - Policy Implications for Financial Stability
5. Macroeconomic Implications of Virtual Currencies
   - Implications of Virtual Currencies
   - Central Bank Digital Currencies

*Note: This is a tentative course outline. The instructor may adjust the order or compress/expand the topics while ensuring the course objectives being achieved.

**Assessments**

<table>
<thead>
<tr>
<th>Case Study Analysis*</th>
<th>30%</th>
<th>A group project, 3-4 members per group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presentation</td>
<td>20%</td>
<td>Presentation of the group project (Oct 21)</td>
</tr>
<tr>
<td>Final Exam</td>
<td>50%</td>
<td>Individual exam (Oct 28)</td>
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</table>

*You can extend the case study analysis into a term paper in order to satisfy the requirement of ECON 4670 provided that you have not taken ECON 4670 before.
**Teaching Materials**

There is no required textbook. Lecture notes and supplementary readings/references are downloadable from the course’s CANVAS website.

**Academic Policy**

Dishonesty or plagiarism will not be tolerated. Any student violating HKUST Academic Integrity and Honor Code ([http://www.ust.hk/vpaaq/integrity](http://www.ust.hk/vpaaq/integrity)) will be subjected to disciplinary procedure.