

Hong Kong University of Science and Technology
Department of Economics
ECON 5040 (L1): Economics of Financial Technology
2020-21 Spring

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Description

Financial technology (FinTech) refers to technologically enabled financial innovation that could result in new business models, processes or products with an associated material effect on financial markets and institutions and the provision of financial services. The emergence of FinTech firms may have both positive and negative impacts on the financial sector and the broader economy: affecting the viability of traditional financial institutions, the provision of financial services, the interest rates, and the riskiness of investment projects being financed. In other words, the rise of financial technologies may affect the financial stability of the economy and have important macroeconomic implications. This course focuses on using economic concepts to analyze the implications of financial technologies on the macroeconomy. It also 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 at the same time ensure the financial stability of the economy.

Prerequisite

ECON 5130

Assessments

Group Project*	40%	Analysis on a specific FinTech sector analysis
Group Project Presentation	20%	Online presentation on 18 March on 9:00am
Online Quiz	40%	Online quiz on 25 March at 9:30am

*Please form a group of 5-6 members. The actual group size depends on the final enrollment number. Email your group information (names and student numbers) to me no later than 8 Feb (last add/drop date). To prevent free-rider issue, we may conduct peer evaluation to assess individual contribution to the group.

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. (PILG 1, 4)
2. Explain implications of FinTech on the financial sector and the rest of the economy. (PILG 1, 4)
3. Identify potential benefits and risks of FinTech for financial stability. (PILG 1, 4)
4. Address implications of FinTech on central banking and monetary policy. (PILG 1, 4)

Teaching Approach

This course is mainly delivered through online lectures and discussion.

Teaching & Learning Activities	Roles in the Course	Course Learning Outcomes Addressed
Online lecture	Explain key concepts and models to students.	1, 2, 3, 4
Online discussion	Learn to develop critical thinking in analyzing Fintech questions.	1, 2, 3, 4

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

Teaching Materials

There is no required textbook. Lecture notes and selected references are downloadable from the course's CANVAS website.

References

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Academic Policy

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