

Hong Kong University of Science and Technology
Department of Economics
ECON 5040 (L1): Economics of Financial Technology
2022-23 Fall

<u>Instructor:</u> C.Y. (Eric) Ng Email: ecyng@ust.hk Office: LSK 6016D Zoom Personal Meeting ID: 630 678 8279 <u>Teaching Assistant:</u> Email: Office:	<u>Dates:</u> 27 Oct – 15 Dec <u>Lecture:</u> Thu 9:30am – 12:50pm <u>Room:</u> LSK 1014 Course website: https://canvas.ust.hk
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Description

This course applies economic concepts to analyze the implications of FinTech on the economy. It addresses demand and supply drivers of FinTech, economic incentives and determinants of FinTech formation, implications of FinTech on financial sector, central banking, financial stability 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

Undergraduate training in basic microeconomics and regression analysis is expected.

Assessments

Group Project: Report*	40%	Analysis on a specific FinTech sector
Group Project: Presentation*	20%	In-class presentation on Dec 8
Online Quiz	40%	In-class quiz on Dec 15

*Please form a group of 5 members. The actual group size depends on the final enrollment number. Please email your group information (names and student numbers) to me by Nov 3. To prevent free-rider issues, 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
Lecture	Explain key concepts and models to students.	1, 2, 3, 4
Class discussion	Learn to develop critical thinking in analyzing Fintech questions.	1, 2, 3, 4
Group project with presentation	Learn to apply concepts to analyze real world issues and present case-study analysis.	1, 2, 3, 4

Course Outline

1. Introduction to FinTech (Week 1)
 - Types of FinTech
 - Reasons for the Rises of FinTech
2. Determinants of FinTech (Weeks 1-3)
 - Supply and Demand Analysis of FinTech
 - Economics of Crowdfunding
 - Economic and Technological Determinants
3. Economic and Financial Implications of FinTech (Weeks 3-4)
 - Impacts on Household Saving
 - Impacts on Financial Services Industry
 - Monetary Policy Implications
4. FinTech and Financial Stability (Weeks 4-5)
 - Potential Benefits and Risks for Financial Stability
 - Policy Implications for Financial Stability
5. Macroeconomic and Financial Stability Implications of Virtual Currencies (Week 6)
 - Implications of Virtual Currencies
 - Central Bank Digital Currencies

Teaching Materials

Lecture notes and selected references are downloadable from the course's CANVAS website (<https://canvas.ust.hk>). The content of the course draws on various sources, including books, academic articles, and policy papers.

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.