

ECON 5040 (L1): Economics of Financial Technology

HKUST Department of Economics

2023/24 Fall

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Description

This course applies economic concepts to analyze the economic and financial implications of Fintech. It addresses demand and supply drivers of Fintech, economic incentives and determinants of Fintech adoption and formation, implications of Fintech on the financial industry, 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 introductory microeconomics and regression analysis is expected.

Assessments

Group Project: Written Report*	40%	Analysis on a specific Fintech service ¹ , due Dec 6
Group Project: Presentation*	20%	In-class presentation on Dec 6
In-Class Quiz	40%	To be held on Dec 13

*Please form a group of 5 members. Please email your group information with student names and ID to me by Oct 30. To prevent free-rider issues, we may conduct peer evaluation to assess individual contribution to the group project.

Program Intended Learning Outcomes

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

1. Analyze the driving forces for Fintech adoption and formation (PILG 4, 6, 12);
2. Address the implications of Fintech on the financial services sector (PILG 4, 6, 12);
3. Conduct risk-benefit analysis on financial stability implications of Fintech (PILG 4, 6, 12);
4. Address the implications of Fintech on central banking and monetary policies (PILG 4, 6, 12).

¹ Please refer to the file "Group Project on Fintech Analysis" for more details.

Course Outline

1. Introduction (Week 1)
 - Fintech Services by Sector
 - Microeconomic and Macroeconomic Implications of Fintech
2. Determinants of Fintech Adoption and Formation (Weeks 1-3)
 - Economic Forces Driving Fintech adoption
 - 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)
 - Benefits and Risks of Fintech on Financial Stability
 - Policy Implications for Financial Stability
 - Fintech Credit and Financial Stability
5. Macroeconomic and Financial Stability Implications of Digital Currencies (Week 6)
 - Private Digital Currencies
 - Central Bank Digital Currencies

Teaching Materials

Lecture slides and selected articles are downloadable from the course's CANVAS course website (<https://canvas.ust.hk>). The course materials rely on various sources, including books, academic articles, and policy papers. A full list of references is available in the CANVAS course website.

Academic Policy

Dishonesty or plagiarism will not be tolerated. Any student violating HKUST Academic Integrity and Honor Code (<https://registry.hkust.edu.hk/resource-library/regulations-student-conduct-and-academic-integrity>) will be subjected to disciplinary procedure.