

## Specialisation Area Financial Economics



*Households borrow to buy homes and choose portfolios to achieve the preferred trade-off between risk and return in savings. Firms need to raise equity and to draw on a credit to finance investment. Governments issue public debt. Insurance and pension funds diversify risks and invest to finance retirement income. When there is a financial crisis, the economy is in real trouble. Banking and capital market regulation must reduce individual and macroeconomic risk, thereby creating stability.*

Corporate finance and regulation of banks and markets are rooted in microeconomic incentive theory. It is hard to understand financial crises without a sound training in macroeconomics. Empirical research in finance cannot be successful without the rigorous toolkit of time-series analysis and micro-econometrics. The compulsory courses of MEcon provide ideal foundations for a specialization in financial economics.

Here is just one examples how students can cultivate a specialization in 'Financial Economics' by choosing from the large menu of courses in MEcon. The two courses required for certification are **Theory of Finance** and **Corporate Finance, Banking and Venture Capital** provide the core knowledge that any financial economist must have. Monetary policy lays the anchor for the financial system. Monetary and financial economics are, thus, intimately related which makes **Advanced Macroeconomics III: Money and Prices** and **Economics of Central Banking** natural complements. Since finance is all about risk, risk sharing and the pricing of risk, the electives **Theory of Risk and Insurance**, **Quantitative Risk Management** and **Asset Pricing** are natural choices.

The course menu of MEcon offers many alternative ways to create a specialization in financial economics. A student could instead deepen her econometric expertise needed for empirical research in finance by taking classes like *Time Series Econometrics*, *Micro-econometrics* and *Econometric Methods for Financial Instruments*. Knowing that banks struggle with FinTechs, digitization and analytics of big data, she might feel attracted to the new course in *Big Data Statistics with R & Python*.

In the **contextual studies**, the student aims to develop her leadership skills and looks for courses on communication, negotiation and presentation skills. Given the public debate about the role of finance, she also looks for a course on ethics in finance, economics or management. For a **Master thesis**, she aims for a blend between theory and empirical research. She thus plans to adapt an analytical model that explains how regulatory constraints impact of bank lending. She suspects that strong banks with substantial capital buffers cut back credit in a downturn much less than weakly capitalized banks. To test the predictions, she wants to obtain firm level data on bank lending and study the impact of tighter Basel capital regulations on credit growth of banks with above and below average equity capital. She finds evidence that capital regulation restricts lending mainly by highly leveraged banks with below average equity capital, while the effect on well-capitalized banks is negligible.

**Jobs:** MEcon alumni often pick up jobs in banking as well as insurance and wealth management companies. Some join the insurance industry and others accept job offers by central banks such as the SNB or the ECB in Frankfurt. Analyst positions in big banks as well as treasury positions in large multinational firms are another opportunity. Finally, international organizations such as the IMF or from government and regulatory institutions (Finma, BIS in Basel, the European ESM etc.) also offers jobs for graduates with a sound training in economics and finance. Importantly, MEcon prepares ambitious students for competitive PhD programs to launch the next step for a career in research and academia.

## Formal Requirements

In order to graduate as a Master in Economics with a declared specialisation on the diploma supplement in **Financial Economics**, students need to gain at least 16 ECTS from the following courses and write their Master's thesis in the area of **Financial Economics**.

<i>7,315,1.00 Theory of Finance</i>	<i>4 ECTS</i>	<i>autumn</i>
<i>8,274,1.00 Corporate Finance, Banking and Venture Capital</i>	<i>4 ECTS</i>	<i>spring</i>
<i>7,320,1.00 Quantitative Risk Management</i>	<i>4 ECTS</i>	<i>autumn</i>
<i>8,310,1.00 Asset Pricing</i>	<i>4 ECTS</i>	<i>spring</i>
<i>8,282,1.00 Asset-Liability Management für Schweizer Pensionskassen</i>	<i>4 ECTS</i>	<i>spring</i>
<i>8,316,1.00 Econometric Methods for Financial Instruments</i>	<i>4 ECTS</i>	<i>spring</i>
<i>8,318,1.00 Financial Volatility</i>	<i>4 ECTS</i>	<i>spring</i>
<i>8,252,1.00 Advanced Macroeconomics III: Money and Prices</i>	<i>4 ECTS</i>	<i>spring</i>
<i>9,272,1.00 Economics of Central Banking</i>	<i>4 ECTS</i>	<i>spring</i>
<i>9,276,1.00 Debt and Fiscal Policy</i>	<i>4 ECTS</i>	<i>autumn</i>
<i>9,334,1.00 Theoretical Behavioural Finance</i>	<i>4 ECTS</i>	<i>autumn</i>

## Contact

For questions regarding your study plan and the specialisations, please contact the Executive Director of the Master's in Economics: [mecon@unisq.ch](mailto:mecon@unisq.ch) or +41 (0)71 224 29 26.