



## 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 specialisation in Financial Economics.

Here is just one examples how students can cultivate a specialisation in 'Financial Economics' by choosing from the large menu of courses in MEcon. The two courses should be completed for certification **Theory of Finance** and **Corporate Finance, Banking and Venture Capital**. These courses 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 specialisation in financial economics. You could instead deepen your econometric expertise needed for empirical research in finance by taking classes like **Time Series Econometrics**, **Microeconometrics** and **Econometric Methods for Financial Instruments**. Knowing that banks struggle with FinTechs, digitisation and analytics of big data, you might feel attracted to the course in **Big Data Analytics**.



In the **contextual studies**, you aim to develop your leadership skills and look for courses on communication, negotiation and presentation skills. Given the public debate about the role of finance, you also look for a course on ethics in finance, economics or management. For a **Masters' Thesis**, you aim for a blend between theory and empirical research. You thus plan to adapt an analytical model that explains how regulatory constraints impact of bank lending. You suspect that strong banks with substantial capital buffers cut back credit in a downturn much less than weakly capitalised banks. To test the predictions, you want 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. You find evidence that capital regulation restricts lending mainly by highly leveraged banks with below average equity capital, while the effect on well-capitalised 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 organisations 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 with a declared specialisation on the diploma supplement in **Financial Economics**, students need to gain at least 16 ECTS credits from a defined course list and write their Master's Thesis in the area of **Financial Economics**. The current course list can you find on our [programme website](#).

## Contact

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