

| NAME OF THE COURSE | MONETARY SYSTEM AND POLICY OF EU | | | | | |
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| Course professor | Mario Pečarić, Full Professor (tenured) Roberto Ercegovac, Full Professor Josip Visković, Full Professor | Credits (ECTS) | 6 | | | |
| Associates | | Method of teaching (number of hours) | Guided process of teaching | | | |
| | | | L | S | E | F |
| | | | 20 | | 20 | |
| | | | Independent student activities | | | |
| | | 20% | | | | |
| Status of the course /educational activity | Mandatory | E-learning percentage of application | | | | |
| COURSE DESCRIPTION | | | | | | |
| Course/educational activity objectives | The main objective of the course is to provide students with the skills and abilities to understand the functioning of the EU monetary system and policy. In this context, students should understand the benefits and costs of joining the Eurozone, especially with regard to small countries. Moreover they should be able to understand the reorganization of the European banking system, the increase of bail-in capacity in the event of crisis management and the risk of over-regulation of the banking system. Finally students should understand how monetary policy decisions affect market actors and contribute to the ultimate objective of the European Central Bank (ECB). | | | | | |
| Course/educational activity enrolment requirements and entry competences required | Basic level of macroeconomics | | | | | |
| Learning outcomes expected at the level of course/ educational activity (4 to 10 outcomes) | <p>Overall learning outcome of the course: Critically assess the role of the EU monetary system within the financial and real sector</p> <p>Individual learning outcomes:</p> <ol style="list-style-type: none"> 1. Assess the causes and effects of monetary integration and evaluate them in analyzing the process of founding the European Monetary Union (EMU) and the process of joining EMU in the context of optimal currency area theory 2. Understand the process, benefits and costs of joining EMU with particular reference to Croatia 3. Critically comment the monetary policy strategy of the European Central Bank and the use of monetary policy instruments, especially in crisis situations 4. Envisage the regulation of the banking sector and the supervisory mechanisms and assess the long-term stability of the EU banking sector | | | | | |
| Course/educational activity's syllabus broken down in detail by weekly class schedule | Lectures | | Exercises | | | |
| | Topic | Hours | Topic | Hours | | |
| | The concept and motives of monetary integration and the process of monetary unification in Europe | 2 | Theory of optimal currency area | 2 | | |
| | Institutional structure of eurozone | 2 | The process of joining eurozone | 2 | | |
| | Benefits and costs of Eurozone – aspects of small countries - Croatia | 2 | EMU Monetary Policy Strategy | 2 | | |
| | Eurosystem monetary policy operational framework | 2 | Eurosystem monetary policy operational framework | 2 | | |
| | Designing Monetary Policy Instruments and Anti-crisis management of ECB | 2 | Assignment discussion – Is Eurozone OCA?; Is OCA possible in Latin America/Asia/Africa; Euro crisis 2007-2009 – origins, policy responses and consequences | 2 | | |
| | Banking sector in EU: Facts and Figures Causes and contest of European banking sector re-regulation (Basel III, Basel IV) | 2 | Banking Union: Long term EU banking sector stability | 2 | | |
| | Single supervision mechanism Single resolution mechanism Deposit guarantee scheme. Will the Banking Union be completed? | 2 | Assignment discussion – Will the new regulatory framework make banking system resilient to new crisis (example on COVID crisis)? Will the regulatory cost decrease competition of European banks? Will the new resolution | 2 | | |

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| | | | | mechanism decrease public cost of bank bailout? What are the main issues in completing the Banking Union? | |
| | The impact of ECB monetary policy on real sector | 2 | Field work - visit to bank | | 2 |
| | Determinants of exchange rate | 2 | Impact of determinants on the EUR/USD exchange rate | | 2 |
| | Anti-inflation monetary policy | 2 | Current inflation challenges | | 2 |
| Format of instruction | <input checked="" type="checkbox"/> lectures <input type="checkbox"/> seminars <input type="checkbox"/> workshops <input checked="" type="checkbox"/> exercises <input type="checkbox"/> <i>on line</i> in entirety <input type="checkbox"/> partial e-learning <input checked="" type="checkbox"/> field work (Visit to commercial bank) | | <input checked="" type="checkbox"/> independent assignments <input type="checkbox"/> multimedia <input type="checkbox"/> laboratory <input type="checkbox"/> work with mentor <input type="checkbox"/> (other types, if there are any) | | |
| Student responsibilities | <ul style="list-style-type: none"> ▪ Active in-class participation. ▪ Participation in group assignments ▪ Students are required to present in oral form the independent group assignments. ▪ During the semester, the attendance to the course lectures and seminars is recorded. ▪ The requirements for a signature are: class attendance (50% of lectures and exercises) positively evaluated independent assignments, presentation of assignment topic. | | | | |
| Student work-participation (name the proportion of ECTS credits for each activity, so that the total number of ECTS credits matches the ECTS value of the course/educational activity) | Class attendance | 1 | Research | | Practical work |
| | Experimental work | | Workshop | | Group assignments 2 |
| | Essay | | Seminar paper | | (Other) |
| | Tests | | Oral exam | | (Other) |
| | Written exam | 3 | Project | | (Other) |
| Grading and evaluating student work and accomplishments | <p>During the semester, the students must</p> <ul style="list-style-type: none"> - complete two group assignments related to the preparation of a presentation on a specific topic consistent with the course objectives. - pass written exam <p>The student's overall success is calculated on the basis of the weighted results of the assignments:</p> <ul style="list-style-type: none"> - the grade from the written exam (minimum 50% correct answers to pass) that is multiplied by a weight of 0.80, - the average grade from the completed assignments and the presentation that is multiplied by a weighting of 0.20. <p>Grading scale: <50 points = Insufficient, 50-63 = Sufficient, 64-77 = Good, 78-89 = Very Good and 90-100 = Excellent.</p> | | | | |
| Required literature | <p>Mandatory:</p> <ul style="list-style-type: none"> • De Grauwe, P. 2020. Economics of Monetary Union. Oxford University Press. ISBN 978-0-19-884954-4. • Franklin A., Carletti, E. & Gray, J. 2013. Political, fiscal, and banking union in the Eurozone. Financial Institutional Center, Wharton, University of Pennsylvania, Editorial Book. ISBN 978-0-9836469-7-6. (available at: https://finance.wharton.upenn.edu/FIC/FICPress/politicaeuro.pdf) • Fioretti, P., Francova, O., Hesketh, M., Mascher, N., Strauch, R., Vancompernelle, F. 2019. Completing banking union to support Economic and Monetary Union. European Stability Mechanism. • Hartmann, P., Smets, P. 2018. The European Central Bank's Monetary Policy during Its First 20 Years, European Central Bank • ECB: Monetary policy, Annual publications • PDF materials from the lectures available at the Course website <p>Optional:</p> <ul style="list-style-type: none"> • Beck, T., Krahen, J.P., Martin, P., Mayer, F., Pisani-Ferry, J., Tröger, T., Weder di Mauro, B., Véron, N., Zettelmeyer, J. 2022. Completing Europe's banking union: economic requirements and legal conditions, Policy Contribution, November 2022. | | | | |

• Rostagno, M., Altavilla, C., Carboni, G., Lemke, W., Motto, R., Guilhem, A.S., Yiangou, J. 2019. A tale of two decades: the ECB's monetary policy at 20. Working Paper Series, No 2346. European Central Bank

Recommended Newsletters and Websites:

- European Central Bank webpage <https://www.ecb.europa.eu/home/html/index.en.html>
- Eurostat database <https://ec.europa.eu/eurostat/data/database>