

Problem areas for State Doctoral Exams

Study program: **Finance and Accounting**

Field: **Finance**

Guarantor: **prof. Ing. Zbyněk Revenda, Ph.D.**

Although the problem areas are provided on the basis of recommendations of various departments separately and according to the field of study, the student must demonstrate knowledge during the State Doctoral Exams (SDE) showing an understanding that the topics may overlap in the issues possibly taught in other departments, as well as to show an awareness of their dependencies. For the SDE it is automatically assumed that the student holds knowledge of the compulsory courses taught at all three departments of bachelor and master studies and basic literature for these courses.

A. Banking and Insurance

Financial and real asset markets

Their functioning and interaction. Financial Services Action Plan.

Financial regulation

Motives and objectives of the financial regulation, institutional structure of financial regulation system, the protection of clients and investors, current reform of global and regional regulatory systems.

Financial market microstructure

The position of banking, capital and insurance markets in the financial system, causes and consequences of the consolidation of financial markets and financial institutions.

The investment theory

The behaviour of the rates of return and risks, the efficient market theory and the price bubbles.

Institutional investment and the asset management

The position and development of the collective investment, the methods to measure the performance of the professional asset managers, the role of the pension funds in the financial markets and the capital-oriented pension reforms.

Risk management of the financial institutions

Key risks of the financial institutions, market risk management, objectives and consequences of Basel II., current reforms of the banking regulatory rules.

Financial crisis and bankruptcy of financial institutions

Financial crisis models, examples of financial crises and bankruptcies of financial institutions, global financial crisis, asset securitization and financial (in)stability, hedge funds and financial (in)stability.

Literature

Barth, J.R.-Lin, Ch.-Wihlborg, C.: Research Handbook on International Banking and Governance. Edward Elgar, 2012. ISBN 978-1-78100-295-7.

Bell, A.R.-Brooks, Ch.-Prokopcuk, M.: Handbook of Research Methods and Applications in Empirical Finance. Edward Elgar, 2013. ISBN 978-1-78254-017-5.

Bruce, B.: Handbook of Behavioral Finance. Edward Elgar, 2010. ISBN 978-0-85793-091-0.

Eijffinger, S.-Masciandro, D.: Handbook of Central Banking, Financial Regulation and Supervision after the Financial Crises. Edward Elgar, 2011. ISBN 978-3-85793-770-4.

Evanoff, D.D.-Moeller, W.F.: Dodd-Frank Wall Street Reform and Consumer Protection Act. Purpose, Critique, Implementation Status and Policy Issues. World Scientific, 2014. ISBN 978-981-4590-03-7.

Heffernan, S.: Modern Banking. John Wiley, Chichester, 2005. ISBN 0-470-09500-8.

B. Monetary theory and policy

Inflation

Inflation as a monetary phenomenon (neoclassical model of inflation and inflation jumps in case of rise of money supply growth, continuous dynamic inflation models). Inflation as a non-monetary phenomenon (inflation targeting models, production gap and its ways of modelling). Inflation policy in connection with a policy of economic growth (Phillips curve etc.)

Demand for money

Neoclassical demand for money (traditional models – Fisher's and Marshall's approach, modern theory – Friedman's approach and dynamic models of demand for money – Patinkin model). Keynesian models of demand for money (Baumol-Tobin model, Tobin model and main ideas of model of partial adjustment)

Money supply and its management

Macroeconomic approach to money supply (monetary base and money multiplier, money supply curve as a function of market interest rate). Microeconomic theory of money supply (commercial bank as profit maximising company in competitive and monopolistic environment). Problem of endogeneity and exogeneity of money (endogeneity on a level of central bank's balance sheet, money multiplier and income velocity of money).

Balance of payment equilibrium

Conception of external relationships from balance of payment balances point of view. Equilibrium process in a system of fixed and free floating exchange rates (elasticity approach, absorption, monetary approach, main ideas of intertemporal approach). Cost of exchange rate and income correction of net export deficit. Links between structural disequilibrium of balance of payment and long-term sustainability of overall balance of payment equilibrium.

Exchange rate

Dynamics of uncovered interest rate parity and its empiric. Forward rate as a result of game between arbitragers and speculators (assumptions of successful forward predictions, empirical research). Main conceptions of fundamental equilibrium real exchange rate.

Monetary policy in a process of European globalization

Links between economic globalization and national currency convergence. Interconnection of systems, institutions and methods of money issuance and management of monetary policy. Opinions about optimal currency area creation. Real and nominal conditions of reliable functioning of common European currency. Preparedness of the Czech economy for euro adoption.

Literature

Pilbeam, K.: International Finance (4th Edition). Palgrave, March 2013.

Gali, J. Monetary policy, inflation and the business cycle : An Introduction to the New Keynesian framework. Princeton, Princeton University Press 2008

Walsh, C. E.: Monetary Theory and Policy, Cambridge, Massachusetts, MIT Press, 1998.

C. Public finance

Economic analysis of public goods.

Efficient production of public goods-partial equilibrium analysis. Optimal provision of public goods-general equilibrium analysis. Wicksell and Lindahl's model of public good provision. Mixed goods. The theory of clubs-Buchanan's model. Pseudo-market mechanism for preference revelation.

Taxation theory.

Principals of taxation. Analysis of taxation-partial equilibrium approach (compensated demand curves, consumer surplus, unit and ad valorem taxes, the role of market structure). Analysis of taxation- the effects of tax policy in the partial equilibrium model (the choice between consumption and leisure, labour supply and income taxes, the effects of income taxation on consumption and savings, the effects of inflation on taxation). Analysis of taxation-general equilibrium model (graphical exposition, the effects on products and factors of production).

Theoretical analysis of public expenditure.

Macromodels of public expenditure (Wagner, Peacock and Wiese, Keynesian approach). Microeconomic models of public expenditure (determination of the level of output, the supply of public services, the price of public sector inputs, transfer programs, the cooperation of private and public sectors). Measuring of synthetic efficiency of public expenditure. Public and private investment-complementarity or crowding out?

Indicators of budgetary and fiscal policy.

Indicators of discrete changes of fiscal policy-the effects on microeconomic behaviour, the effects on aggregate demand (temporary and lasting). The sustainability problem-the arithmetic of budget constraints (comparative static and dynamic aspects), tax gaps in the short, medium and long run. Budgetary consolidation-expansionary or contractive?

Budget deficits and public debt.

Public choice theory and the bias to budget deficits. Traditional and Ricardian approaches-theory and empirical evidence. Budgetary and external deficits-relations in small open and large closed economies. The debt dynamics-the impact of main factors (the inflation rate, the economic growth, primary balance, specific factors in both full-fledged and transitional economies). The management of public debt. To what degree is the public debt a burden for the economy?

Literature

Brown, C. V., Jackson, Peter M. Public Sector Economics, 4th Edition. 1991. Wiley-Blackwell. ISBN: 978-0-631-16208-7

Stiglitz, Joseph E. Economics of the public sector. 3rd ed. New York: W.W. Norton, 2000. xxiii, 823 s. ISBN 0-393-96651-8.

Recommended literature for all areas:

Will be specified on the seminars. Mainly journals (Finance a úvěr, Politická ekonomie, Prague Economic Papers) and the papers of IMF, OECD European Commission, NBER-available on the internet.