

Course Syllabus

Course	The ECB, the European Payment System, and Target2
Lecturer	Giovanni Di Bartolomeo
Course Description	The course focuses on the recent developments at the ECB, deepening the effects on monetary policies of information disclosure and decision-making procedures, forward guidance, the management of the Euro-system balance sheet, and of the payment system (Target 2). First, it introduces students to basic foundations of non-standard monetary policy instruments. After discussing the ECB internal decision-making process and information disclosure, it examines the forward guidance, credit easing, and large-scale asset purchase programs. Finally, it explores the evolution of the Euro-system payment system from TARGET1 to TARGET2 and their implications for Eurozone.
Primary References and Additional Materials	<p>N. Acocella, G. Di Bartolomeo, A. Hughes Hallett, “Macroeconomic Paradigms and Economic Policy,” Cambridge University Press, 2016</p> <p>S. Neri and S. Siviero, “The non-standard monetary policy measures of the ECB: Motivations, effectiveness and risks,” Occasional Papers, Bank of Italy, 486</p> <p>A. S. Blinder, M. Ehrmann, J. de Haan, D.-J. Jansen, “Necessity as the mother of invention: monetary policy after the crisis,” ECB working paper No. 2047, 2017.</p> <p>A. S. Blinder, M. Ehrmann, J. de Haan, F. Marcel, D.-J. Jansen, “Central Bank communication and monetary policy: a survey of theory and evidence,” ECB working paper No. 898, 2008.</p> <p>F. Mishkin, “The Economics of Money, Banking, and Financial Markets,” 12th ed., Pearson, 2019.</p> <p>Additional materials (academic and policy papers) provided by the instructors.</p>
Course Objectives	The course aims at providing students with an in-depth understanding of the monetary policy new challenges faced by the ECB. On completion of this course, students should be able to understand ECB internal decision-making process and its implication for monetary policy. They should also be able to demonstrate the ability to apply economic reasoning to contemporary policy debates on the non-standard monetary policy measures (such as forward guidance and large-scale asset purchase programs) and system payments in the Eurozone.
Prerequisite(s)	Macroeconomics (college level).
Teaching Method(s)	Lectures and in-class discussions
Assessment Method(s) and Grading Policy	Final written exam

EXTENDED COURSE PLAN & LECTURE-SPECIFIC REFERENCES		
<i>*Lecture Duration: 2,5 hours</i>		
Lecture 1	<i>Topic</i>	Non-standard monetary policy measures and the ECB. Foundations: liquidity and funding measures, outright purchases in malfunctioning market segments (OMT), forward guidance, Euro-system balance sheet, credit easing and asset purchases, negative interest rate policy.
Lecture 2	<i>Topic</i>	The ECB communication and forward guidance. Central banking and information disclosure, the internal process of decision, communication, forward guidance (different definitions and effects), a theoretical framework to understand ECB non-standard policies.
Lecture 3	<i>Topic</i>	The Euro-system balance sheet and the monetary policy. Credit easing and asset purchase programs, effectiveness versus exhaustion. Uncertainty and central banker's behavior. The non-standard monetary policy measures of the ECB: motivations, effectiveness and risks.
Lecture 4	<i>Topic</i>	European Payment System. Foundations of payment systems, from TARGET to TARGET2, the interactions between payment systems and monetary policy, the debate on TARGET2 and central bank balance sheets, the future of central bank money.