

AEM 4545/ECON 3545

Money and Finance in the Digital Age

Fall 2026

Professor Eswar Prasad

This course will provide an overview of new financial technologies (Fintech), cryptocurrencies, central bank digital currencies, and decentralized finance (DeFi). The implications of these novel technologies for the future of financial markets, central banking, and international finance will be examined. The course will also cover basic analytical models in open economy macroeconomics and international finance, focusing on capital flows and exchange rate dynamics. This will highlight the evolving roles of China, India, and other emerging markets in the world economy. *Students will be required to write an independent research paper.*

Prerequisites:	Intermediate-level courses in macroeconomics, international economics, and econometrics/statistics.
Lecture room, time:	Statler Hall 351; Wednesday 2:00 p.m. – 4:30 p.m.
Grading:	Letter grade only (no S/U option). Grade will be based on assignments, final research paper, and class participation. Class attendance in person is mandatory. No Zoom option.
Credits:	3
Teaching Assistant:	Rutvik Sitiraju (rs2442)
TA Office Hours:	Uris Hall 447; Friday, 2:00 p.m. – 4:00 p.m.
Course Support:	Karin Steigerwald (ks2455)
Prof's Office Hours:	By appointment (through Karin Steigerwald)

COURSE SCHEDULE

Topic 1: Growth, New World Economic Order

IMF World Economic Outlook, April 2026: Chapters 1 and 2.

World Bank Global Economic Prospects, June 2026: Chapters 1 and 2.

OECD Economic Outlook, June 2026.

Abdelrahman, Hamza, and Andrew Foerster, 2026, “Have We Entered an Era of High Productivity Growth?” *FRBSF Economic Letter*, no. 14, pp. 1-5.

<https://www.frbsf.org/research-and-insights/publications/economic-letter/2026/05/have-we-entered-era-of-high-productivity-growth/>

Bosworth, Barry, and Susan M. Collins, 2008, “Accounting for Growth: Comparing China and India,” *Journal of Economic Perspectives*, vol. 22, no. 1, pp. 45-66.

Jones, Charles, 2016, “The Facts of Economic Growth,” Chapter 1, *Handbook of Macroeconomics*, Editors: John B. Taylor, Harald Uhlig, vol. 2, pp. 3-69.

Nobel Prize Committee, 2025, “From Stagnation to Sustained Growth,” no. 2025-1. *Royal Swedish Academy of Sciences*. <https://www.nobelprize.org/uploads/2025/10/popular-economicsciences2025-3.pdf>

OECD, 2026, “OECD Compendium of Productivity Indicators 2026,” *OECD Publishing*. https://www.oecd.org/en/publications/oecd-compendium-of-productivity-indicators-2026_734a5e68-en/full-report/productivity-growth-in-a-challenging-global-environment_d888e417.html

Prasad, Eswar, 2023, “Has China’s Growth Gone from Miracle to Malady?” *Brookings Papers on Economic Activity*, Spring.

Topic 2: Review of Basic Concepts in Money and Finance

IMF Global Financial Stability Report, April 2026: Chapter 1.

World Bank, 2025, *The Global Findex Database 2025*, Overview chapter.

<https://www.worldbank.org/en/publication/globalindex>

Greenwood, Robin, Robert Ialenti, and David Scharfstein, 2025, “The Evolution of Financial Services in the U.S.,” *Annual Review of Financial Economics*, vol. 17, no. 1, pp. 189-206.

McLeay, Michael, Amar Radia, and Ryland Thomas, 2014, “Money Creation in the Modern

Economy,” *Bank of England Quarterly Bulletin*, 2014: Q1.

Topic 3: Balance of Payments, Exchange Rates

The Dollar Trap: Chapter 4. Chapter 5, pages 63-67.

Bank for International Settlements, 2025, “Financial Channel Implications of a Weaker Dollar for Emerging Market Economies,” BIS Bulletin no. 114, October 2025.

International Monetary Fund, 2026, *External Sector Report 2026*, Chapter 1, July 2026.

Ostry, Daniel, Simon Lloyd, and Giancarlo Corsetti, 2025, “Trading Blows: The Exchange-Rate Response to Tariffs and Retaliations,” *Bank of England Staff Working Paper* no. 1,139, August 2025.

Prasad, Eswar, 2026, “The Real Reason Behind Trump’s Yen Intervention,” *New York Times*, August 6, 2026. <https://www.nytimes.com/2026/08/06/opinion/treasury-yen-trump-currency-economy.html>

Setser, Brad W., 2026, “The World Should Not Ignore China’s Obviously Undervalued Currency,” *Council on Foreign Relations*, August 2, 2026. <https://www.cfr.org/articles/the-world-should-not-ignore-chinas-obviously-undervalued-currency>

York, Erica, and Alex Durante, 2026, “Tracking the Impact of the Trump Tariffs & Trade War,” *Tax Foundation*. <https://taxfoundation.org/research/all/federal/trump-tariffs-trade-war/>

Topic 4: Monetary Policy, Exchange Rate Regimes

The Future of Money: Chapter 9.

“A Day in the Life of the FOMC: An Inside Look at the Federal Reserve’s Monetary Policymaking Body,” Blog, Federal Reserve Bank of Philadelphia. <https://www.philadelphiafed.org/education/a-day-in-the-life-of-the-fomc>

Castillo-Martinez, Laura, and Ricardo Reis, 2024, “How Do Central Banks Control Inflation? A Guide for the Perplexed,” London School of Economics and Political Science, Manuscript.

Powell, Jerome H., 2025, “Monetary Policy and the Fed’s Framework Review,” Speech at the Jackson Hole Economic Symposium, August 22, 2025. <https://www.federalreserve.gov/newsevents/speech/powell20250822a.htm>

Wessel, David, 2025, “The Fed Does Listen: How It Revised the Monetary Policy

Framework,” *Brookings Institution Commentary*, August 28, 2025.
<https://www.brookings.edu/articles/the-fed-does-listen-how-it-revised-the-monetary-policy-framework>

Williams, John C., 2025, “All the Stars We Cannot See,” Speech, Federal Reserve Bank of New York, August 2025.
<https://www.newyorkfed.org/newsevents/speeches/2025/wil250825>

Topic 5: New Financial Technologies (Fintech)

The Future of Money: Chapter 3.

Bank for International Settlements, 2024, “Artificial Intelligence and the Economy: Implications for Central Banks,” *BIS Annual Economic Report*, Chapter III, June 2024.

Feyen, Erik, Jon Frost, Leonardo Gambacorta, Harish Natarajan, and Matthew Saal, 2021, “Fintech and the Digital Transformation of Financial Services: Implications for Market Structure and Public Policy,” *BIS Papers*, no. 117.
<https://documents1.worldbank.org/curated/en/099735304212236910/pdf/P17300608cded602c0a6190f4b8caaa97a1.pdf>

IMF and World Bank, 2019, “Fintech: The Experience So Far,” Policy Paper No. 19/024.

Mention, Anne-Laure, 2020, “The Age of FinTech: Implications for Research, Policy and Practice,” *The Journal of FinTech*, vol. 1, no. 1, Article 2050002.

Niepelt, Dirk, 2025, “Frontiers of Digital Finance, Part 1: A Global Perspective,” *VoxEU Column*, Centre for Economic Policy Research, November 12, 2025.
<https://cepr.org/voxeu/columns/frontiers-digital-finance-part-1-global-perspective>

Philippon, Thomas, 2016, “The Fintech Opportunity,” NBER Working Paper no. 22476.

Propson, Darrell, Emilija Ajvazoska, Fernanda Ferri de Camargo Paes, Samuel Mutinda, Derya Salman, Judith Lagos Shemin, Kavitha Suresh, Zeming Xie, and Bingjie Zhang, 2024, “The Future of Global Fintech: Towards Resilient and Inclusive Growth,” World Economic Forum.

Topic 6: Bitcoin and Blockchain

The Future of Money: Chapter 4.

Hendrickson, Joshua, 2024, “What in the World Is a Bitcoin Strategic Reserve?” Bitcoin Policy Institute. <https://www.btcpolicy.org/articles/what-in-the-world-is-a-bitcoin-strategic-reserve>

Nakamoto, Satoshi, 2008, "Bitcoin: A Peer-to-Peer Electronic Cash System," <https://bitcoin.org/bitcoin.pdf>

Prasad, Eswar, 2022, "After the Fall: Bitcoin's True Legacy May Be Blockchain Technology," *Bulletin of the Atomic Scientists*, July 2022.

Prasad, Eswar, 2024, "Don't Get Fooled Again by Crypto," *New York Times*, August 9, 2024.

Schilling, Linda, and Harald Uhlig, 2019, "Some Simple Bitcoin Economics," *Journal of Monetary Economics*, pp. 16-26.

Von Luckner, Clemens Graf, Carmen M. Reinhart, and Kenneth Rogoff, 2023, "Decrypting New Age International Capital Flows," *Journal of Monetary Economics*, vol. 138, pp. 104-122.

Topic 7: Other Cryptocurrencies, Decentralized Finance

The Future of Money: Chapter 5.

Adrian, Tobias, 2026, "Tokenized Finance," *International Monetary Fund*.

Auer, Raphael, Ulf Lewrick, and Jan Paulick, 2025, "DeFiying Gravity? An Empirical Analysis of Cross-Border Bitcoin, Ether and Stablecoin Flows," *BIS Working Papers* no. 1265.

Carter, Nic, and Linda Jeng, 2021, "DeFi Protocol Risks: The Paradox of DeFi," *Regtech, Suptech and Beyond: Innovation and Technology in Financial Services* RiskBooks 3Q 2021. <https://ssrn.com/abstract=3866699>

Cong, Lin, Eswar S. Prasad, and Daniel Rabetti, 2025, "Financial and Informational Integration Through Oracle Networks," *NBER Working Paper* no. 33639, Forthcoming in *The Review of Financial Studies*. <https://www.nber.org/papers/w33639>

Eichengreen, Barry, 2025, "The GENIUS Act Will Bring Economic Chaos," *New York Times*, June 17, 2025.

Harvey, Campbell R., Ashwin Ramachandran, and Joseph Santoro, 2021, "DeFi and the Future of Finance". <https://ssrn.com/abstract=3711777>

Liang, Nellie, and William Dudley, 2026, "Next Steps for GENIUS Payment Stablecoins: What Regulators Need to Do," Brookings Institution, March 2026. <https://www.brookings.edu/articles/next-steps-for-genius-payment-stablecoins/>

Prasad, Eswar, 2025, "The Stablecoin Paradox," *Finance & Development*, December 2025.

Shin, Hyun Song, 2025, “The Next-Generation Monetary and Financial System,” BIS Annual Economic Report.

Topic 8: Central Bank Digital Currencies

The Future of Money: Chapters 6 and 7.

Agustín, Carstens, 2018, “Money in the Digital Age: What Role for Central Banks,” Bank for International Settlements Speech.

Allen, Sarah, Srdjan Capkun, Ittay Eyal, Giulia Fanti, Bryan Ford, James Grimmelmann, Ari Juels, Kari Kostianen, Sarah Meiklejohn, Andrew Miller, Eswar Prasad, Karl Wüst, and Fan Zhang, 2020, “Design Choices for Central Bank Digital Currency: Policy and Technical Considerations,” NBER Working Paper no. 27634.

BIS Annual Economic Report, 2021, Chapter 3: CBDCs: An Opportunity for the Monetary System.

Cipollone, Piero, and Valdis Dombrovskis, 2025, “A Digital Euro for the Digital Age,” The ECB Blog, European Central Bank, December 9, 2025.

<https://www.ecb.europa.eu/press/blog/date/2025/html/ecb.blog20251209~9ba130ff20.en.html>

Griffoli, Tommaso Mancini, Maria Soledad Martinez Peria, Itai Agur, Anil Ari, John Kiff, Adina Popescu, and Celine Rochon, 2018, “Casting Light on Central Bank Digital Currencies,” Staff Discussion Notes no. 18/08, IMF.

Lane, Philip R., 2025, “Why Europe Needs a Digital Euro,” *Finance & Development*, vol. 62, no. 3, pp. 10-11.

Monetary Authority of Singapore, 2023, “Purpose Bound Money (PBM) Technical Whitepaper,” <https://www.mas.gov.sg/-/media/mas-media-library/development/fintech/pbm/pbm-technical-whitepaper.pdf>

Prasad, Eswar, 2022, “Money Is About to Enter a New Era of Competition,” *MIT Technology Review*, May 2022.

Topic 9: International Monetary System

The Dollar Trap: Chapters 12-15.

Gaining Currency: Chapters 2, 5-6.

The Future of Money: Chapter 9.

Bech, Morten, Codruta Boar, Daniel Eidan, Philipp Haene, Henry Holden, and Wee Kee Toh, 2022, “Using CBDCs Across Borders: Lessons from Practical Experiments,” *BIS Innovation Hub*.

Eichengreen, Barry, 2025, “Will Stablecoins Preserve Dollar Dominance?” *Project Syndicate*, October 2025.

Liao, Gordon, Eswar Prasad, and Tony Zhang, 2026, “Financial Innovation and the International Monetary System,” paper prepared for the August 2026 Jackson Hole Symposium.

Prasad, Eswar, 2024, “Top Dollar: Why the Dominance of America’s Currency is Harder Than Ever to Overturn,” *Foreign Affairs*, July/August 2024.

Rey, Hélène, 2025, “Stablecoins, Tokens, and Global Dominance,” *F&D Magazine*, September 2025.

Van ’t Klooster, Jens, Edoardo Martino, and Eric Monnet, 2025, “Cryptomercantilism vs. Monetary Sovereignty: Dealing with the Challenge of US Stablecoins for the EU,” study for the European Parliament, June 2025.

Guest Lectures

October 28/November 4: To be finalized

November 11: Dr. Judit Temesvary, Federal Reserve Board

BACKGROUND READINGS & REFERENCE MATERIALS

REQUIRED:

The Future of Money: How the Digital Revolution is Transforming Currencies and Finance, Eswar Prasad, Harvard University Press, 2021.

The Doom Loop: Why the World Economic Order Is Spiraling into Disorder, Eswar Prasad, Basic Venture, 2026.

RECOMMENDED:

Gaining Currency: The Rise of the Renminbi, Eswar Prasad, Oxford University Press, October 2016.

The Dollar Trap: How the U.S. Dollar Tightened its Grip on Global Finance, Eswar Prasad, Princeton University Press, 2014.

COURSE ASSIGNMENTS AND REQUIREMENTS

Common Points about Formatting, Submission of Assignments

1. All text double-spaced (except footnotes and references to be single-spaced).
2. Use Times New Roman 12-point font or other similar-sized font (important: assignments with smaller font size won't be accepted), at least 1" margins all sides. Use the same font across the entire submission.
3. Follow formatting instructions for tables and figures.
4. Put your name at the top right corner on the front page of each assignment.
5. Submit the assignments in pdf format through Canvas.
6. Naming convention for pdf file: Lastname_Firstname_Assignment#.pdf

Grade Allocation

Assignment I (GDP):	5 percent
Assignment II (FX):	5 percent
Assignment III (Financial Data):	5 percent
Assignment IV (Interest Rates):	5 percent
Assignment V (Exchange Rates and CIP):	5 percent
[Top four grades of assignments I-V will be used to determine final grade (<i>20 percent</i>)]	
Assignment VI (Data Note):	10 percent
Assignment VII (Research Note):	15 percent
Assignments VIII-X (Research Proposal, First Draft, Final Draft):	50 percent (10+15+25)
Class Participation (attendance, discussions, presentations):	5 percent

Assignment Schedule

Number	Description	Handed out	Due date / time
I.	GDP	Aug. 26	Aug. 31 / 10 a.m.
II.	FX Rates, Markets	Sept. 2	Sept. 8 / 10 a.m.

[Hands-on Training Sessions on Excel, Stata: Sept. 2 & 3, 7:00–8:30 pm]

III.	Financial Data	Sept. 9	Sept. 14 / 10 a.m.
IV.	Interest Rates	Sept. 16	Sept. 21 / 10 a.m.
V.	Exchange Rates	Sept. 23	Sept. 28 / 10 a.m.
VI.	Data Note	Sept. 30	Oct. 5 / 10 a.m.
VII.	Research Note	Oct. 7	Oct. 19 / 10 a.m.
VIII.	Research Proposal	Oct. 14	Nov. 2 / 10 a.m.

[Proposal presentations: Special sessions on Oct. 27 & 28, 7:00-9:00 pm]

IX.	First Draft	Oct. 21	Nov. 20 / 10 a.m.
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[Econometrics review: Special sessions on Nov. 12 & 13, 7:00-8:30 pm]

X.	Final Draft	Nov. 18	Dec. 7 / 10 a.m.
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