

COURSE SYLLABUS
Principles of Central Banking Law

This course examines the legal and institutional framework governing the operations of central banks. It is designed to contribute to enhanced understanding of the rationale, methods and legal framework of central bank policymaking. The course will address many topical issues concerning monetary policy, macroprudential regulation, payment system operations and the design, functions, and mandates of central banks, including the role of central banks in crisis management and the lender of last resort function. The way in which central banks are meeting societal challenges, such as climate change and digital currencies and crypto-assets will be addressed. Special attention will be given to the law, regulation and operations of the European Central Bank, the Bank of England, the Swiss National Bank and the United States Federal Reserve System and selected other jurisdictions.

Aims & Objectives

When you have completed your study of this course, you will be able to:

- Understand and discuss the main rationale, objectives, functions and operations of central banks;
- Understand and elaborate the main legal principles, institutional structures and operations of central banks
- Focus on the European System of Central Banks and ECB, the Swiss National Bank, the Bank of England and US Federal Reserve
- Understand the role of the lender of last resort and crisis management functions
- The key legal issues and international good practices
- The role of central banks in sustainability and mitigating climate change
- The impact of digital finance and crypto-assets on central banking

The teaching takes place in **eleven** class sessions, and each session lasts one hour and thirty minutes. You are expected to review the documents loaded on the homepage and the textbooks before attending lectures.

Class 1, February 16, 2026, 12:15 am – 13:45 pm: Introduction and Course Overview: The Role of Central Banks

Introductory overview of central banking and the main functions and objectives of central banks.

Class 2, February 23, 2026, 12:15 am – 13:45 pm: Reading Week, no lecture

There is no lecture. Students are expected to use the time to complete the readings from lecture 1.

Class 3, March 2, 2026, 12:15 am – 13:45 pm: Historical perspective on central banks and the international financial system.

The class will discuss why there is a need for cooperation in matters of monetary and financial policy at the international level and shed light on the numerous sets of rules, initiatives and institutional structures adopted for that purpose. It will examine different sources of international monetary law and general principles of central banking practice.

Class 4, March 9, 2026, 12:15 – 13:45 pm: Central banks and monetary policy

We examine the role of Central Banks in setting monetary policy and the objectives of monetary policy with particular focus on the price stability objective. We will discuss their instruments to achieve monetary policy objectives. The impact of the crisis in 2007-08 and the Covid crisis on monetary policy making. We will consider the interaction of secondary objectives with the primary objectives of monetary policy.

Class 5, March 16, 2026, 12:15 am – 13.45 pm: Central bank mandates and objectives

We analyse the legal basis for central bank policy: statutes, constitutional and treaty provisions and how they influence the functions, operations and governance structure of central banks. Selected judicial decisions from different jurisdictions interpreting the objectives and mandates of central banks.

Class 6, March 23, 2026, 12:15 am – 13:45 pm: Macroprudential regulation and financial stability

Central banks' financial stability objectives. What is the purpose of central bank financial stability policy. Consider instruments including bank capital regulation and macroprudential capital requirements. The international context of financial stability policy considered and the role of the G10 and G20 central bank governors and principles of cross-border supervision and oversight, and issues raised by recent crises. Compare the financial stability mandates: Bank of England, ECB, US Federal Reserve and Swiss National Bank and other jurisdictions.

Class 7, March 30, 2026, 12:15 am – 13:45 pm: Central Bank Crisis Management and the Lender of Last Resort.

The class will also cover Central Bank's role as lenders of last resort to illiquid banks and the use of various lending instruments to banks and to other central bank, including central bank swap lines during the financial crisis 2007-08.

April 6, 2026, Easter Holiday, no lecture

Class 8, April 13, 2026, 12:15 am – 13:45 pm: Central Bank Independence and Accountability

The legal interpretation of independence and accountability in central bank practices and the different types of independence and accountability mechanisms, comparing relevant central banks.

April 20, 2026, Holiday (Sechseläuten), no lecture

Class 9, April 27, 2026, 12:15 am – 13:45 pm: Central Banks and Sustainability

We will discuss the growing role of central banks in addressing environmental sustainability concerns, such as climate change and social sustainability.

Class 10, May 4, 2026, 12:15 am – 13:45 pm: Central Bank payment and settlement systems (KA)

We look at the development and main features of central bank payment systems with a focus on real-time gross settlement systems and multilateral netting systems.

Class 11, May 11, 2026, 12:15am – 13:45 pm: Shadow Central Banking, Blockchain & Digital Finance.

The class analyse the central bank currencies and other forms of central bank e-money. It will also discuss the broader context of shadow central banking and how that relates to digital and crypto-assets and the overall structure of de-centralised finance, and the challenges and risks emerging from these new market infrastructures.

Class 12, May 18, 2024, 12:15 am – 13:45 pm: Student Presentations

Student presentations on a topic of their choice related to the lectures of International Finance Law.

May 25, 2026, Holiday (Whit Monday), no lecture

Reading Materials

The *following textbooks* are recommended for topics covered in the class and are available at bookshops: Schulthess and Orell Fuessli as well as in the RWI library:

MANDATORY READINGS:

KERN ALEXANDER AND SERAINA GRUNEWALD, CENTRAL BANKING AND SUSTAINABILITY (CAMBRIDGE UNIVERSITY PRESS, 2026)

ADDITIONAL READINGS

KERN ALEXANDER/RAHUL DHUMALE (eds.), Research Handbook on International Financial Regulation, Edward Elgar Publishers, Cheltenham, 2012.

In addition, classes may be complemented by required reading materials that will be sourced from law journals, periodicals or other publications. The exams will be based on material discussed in class and on the power point slides and the required reading materials.