IN 10 YEARS' TIME...

I hope to have my own business that is able to make a positive impact on society. The next 10 years of my life are about gaining experience and an understanding of how I am going to make that difference.

Nicholas Conyngham

HOMETOWN	Durban, South Africa
UNIVERSITY	University of Cape Town
FUNDING	Parents

More about Nicholas

Favourite subjects:
Macroeconomics, Game Theory, Statistics and Mathematics.

Interests:
Current affairs, soccer, music and golf.

Inspired by:
The problems that still persist in the world and how I could one day be responsible for solving those problems and making a positive change in the lives of others.

Main achievements:
- Academic honours student at school
- Starting a job with Delta Partners
- Successfully completing my Business Science degree
- Being on the Dean's list for 4 consecutive years.

Community activity:
Volunteer for the Shine Reading programme.

Essay synopsis

The years following the global financial crisis of 2007/08 highlighted the insufficiency of conventional monetary policy in dealing with sizable economic shocks, Nicholas writes, which is why, before the end of 2009, the central banks of many developed economies had shifted to unconventional monetary policy measures, predominantly in the form of quantitative and credit easing programmes. The aim, he says, was to create liquidity in markets and lower short-term interest rates, which would encourage lending and thus boost economic growth.

Nicholas asserts that quantitative easing programmes worldwide have had little to no effect on the borrowing activities of consumers and industry (and therefore growth in the economy); and while they were effective in lowering the long-term yield rate, this did not translate into higher inflation. However, quantitative easing programmes were highly effective in preventing further economic decline, he concedes, saving and providing stability to deteriorating financial markets.

That said, while quantitative easing programmes can stabilise an economy in the short term, there are risks associated with it in the long run, Nicholas points out. Concerns include that sizable asset purchases by central banks may lead to a vast oversupply of liquidity to the economy, leading in turn to spiralling inflation; and that reckless lending may lead to another, possibly more devastating, financial crisis.

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Given these concerns, Nicholas concludes, it's vital for central banks to carefully construct an exit plan from quantitative easing.