

**MBA F703  
The History of Finance  
Winter 2022 Course Outline**

**Finance and Business Economics Areas  
DeGroot School of Business  
McMaster University**

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***COURSE OBJECTIVE***

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This course explores the emergence, evolution, and future of the tools and organizations that make modern finance possible. Through the study of the history of payments, debt, banking, corporations, markets, derivatives, pensions, insurance companies, and investment funds students will learn why such institutions are organized as they are today. Class discussions and the consideration of related case studies will provide students with modern perspectives and insights regarding how better versions might be designed to tackle the challenges of the 21<sup>st</sup> century. This course will be of particular interest to students interested in world history, fintech, and financial innovation in general.

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***INSTRUCTOR AND CONTACT INFORMATION***

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**William Huggins**  
Instructor  
[hugginsw@mcmaster.ca](mailto:hugginsw@mcmaster.ca)  
Office: RJC XXX  
Office Hours: after class  
Tel: (647) 289-9240

**Khoa Topp Nguyen**  
Student TA  
[Toppnguk@mcmaster.ca](mailto:Toppnguk@mcmaster.ca)  
Office Hours: TBA

**Course website:** Avenue to Learn

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***COURSE ELEMENTS***

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Credit Value:	3	Leadership:	No	IT skills:	No	Global view:	Yes
Avenue:	Yes	Ethics:	Yes	Numeracy:	No	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group work:	Yes	Oral skills:	No
Evidence-based:	Yes	Experiential:	Yes	Final Exam:	Yes	Guest speaker(s):	No

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## ***COURSE DESCRIPTION***

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This course provides an introduction to one of humanity's "killer apps" – financial intermediation. Be it a bank, pension plan, insurance company, or investment fund, these organizations are all means by which the world's savings are used to fund the world's investments. Each of the tools and organizations studied were invented to overcome the challenges of intermediation. Studying them in historical context tells us about how cultural, geographic, and demographic constraints or endowments have affected their current design and what they might look like in the future.

In each session, a new financial "technology" will be introduced and we will spend some time considering the history its related institutions, how they have changed over time, and what their current incarnations look like today. In doing so, students will be required to think about how design choices impact the stakeholders of various institutions, the path-dependent nature of today's structures, and how these organizations and tools can be adapted to better suit society's needs in the future.

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## ***LEARNING OUTCOMES***

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Upon successful completion of this course, students will be able to complete the following tasks:

- Explain the core functions of financial institutions in plain language
  - Understand variations in institutional design with reference to local challenges and cultures
  - Identify the key roles and processes required to complete those functions
  - Analyze the priorities and concerns of various stakeholder groups
  - Evaluate how existing institutions and their processes meet the needs of their stakeholders
  - Synthesize best practices to improve processes and organizational design at financial firms
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## ***COURSE MATERIALS AND READINGS***

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### **REQUIRED:**

1. "Relentless Change: A Casebook for the Study of Canadian Business History", Joe Martin (2011) University of Toronto Press. ISBN: 978-0-8020-9559-6

### **RECOMMENDED:**

1. "Money Changes Everything: How Finance Made Civilization Possible", William Goetzmann (2016) Princeton University Press. ISBN: 978-0691143781
2. (There is a reading list of recommended titles on each topic included in the slides of each class)

## ***EVALUATION***

Learning in this course results primarily from the lectures, related readings, and researching your cases, and completing the tests. *Your final grade will be calculated as follows:*

### **Components and Weights**

<b>Case Studies</b>	4 cases (group or solo), 10% each	40%
<b>Participation</b>	In-class and via Teams (discussions)	10%
<b>Midterm Exam</b>	In class (3 hours)	25%
<b>Final Exam</b>	(3 hours)	25%
<b>Total</b>		<b>100%</b>

### **Blended Learning Format**

*This course is offered in a Blended Learning format, which makes use of both synchronous and asynchronous materials. Students are expected to prepare for weekly synchronous (in-person) classes each week by reviewing the appropriate video segments posted on A2L, reading the supporting slides (explore the related links for more details), and thinking through the posted Discussion Questions which will form the basis of our in-person classes*

*Each week the class will meet in person for two hours to discuss design innovations, ethical and philosophical issues, and the future of finance as related to that week's primary topic. On weeks when a case study report is due, we will discuss it in detail.*

### **Grade Conversion**

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

LETTER GRADE	PERCENT	POINTS
A+	90-100	12
A	85-89	11
A-	80-84	10
B+	75-79	9
B	70-74	8
B-	60-69	7
F	00-59	0

### **Case Studies (4 x 10% = 40%)**

All case studies are available in the required text “Relentless Change” but may include additional questions as provided in specific instructions on A2L. Final reports are to be submitted to electronic drop boxes set up on Avenue (only one submission per group is required) by 11:59pm EST on the dates listed below. Late submissions cannot be accepted. **You should make every attempt to form a group within the first two weeks of class so you can begin working together by mid-January.**

### **Participation (10%)**

Engagement with the course content will involve thinking deeply and critically about a number of issues related to the form and function of finance and its attendant tools. Students are expected to participate in both in-class and online discussions (via Microsoft Teams) related to the questions posed each week. You do not have to answer every question (excessive) but should attempt to make some contribution to our exploration of the various topics under discussion each week.

### **Midterm (25%)**

This test will cover material from the text book, readings, lectures and class discussions. It is an open-book test so you will have access to your text and any notes you prepare but not the videos. Most questions will be short answer but the test may also include longer form question(s) as well.

### **Final (25%)**

The final exam is of similar format to the midterm (cover materials from the text book, readings, lectures and class discussions) but is non-cumulative and discusses content seen since the midterm. It is also an open-book test so you will have access to your text and any notes you prepare but not the videos. Most questions will be short answer but the test may also include longer form question(s) as well.

### **Please Note:**

1. There will be NO make-up for any missed assessment activity and NO extra credit work will be offered under any circumstance.
2. Marks for all pre-final exam evaluation activities will be posted on Avenue.
3. Your final grade should come through official channels. Hence, marks for final exam will not be posted on Avenue.

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## **COMMUNICATION AND FEEDBACK**

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Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Administrative Assistant.

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## ***ACADEMIC DISHONESTY***

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You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity)

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

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## ***AUTHENTICITY/PLAGIARISM DETECTION***

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**Some courses may** use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

**All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster's use of Turnitin.com please go to [www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

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## ***COURSES WITH AN ON-LINE ELEMENT***

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**Some courses may** use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.

The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

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## ***CONDUCT EXPECTATIONS***

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As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

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## ***MISSED ACADEMIC WORK***

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### ***Missed Mid-Term Examinations / Tests / Class Participation***

Where students miss a regularly scheduled mid-term or class participation for legitimate reasons as determined by the Student Experience – Academic (MBA) office, the weight for that test/participation will be distributed across other evaluative components of the course at the discretion of the instructor. Documentation explaining such an absence must be provided to the Student Experience – Academic (MBA) office within five (5) working days upon returning to school.

To document absences for health related reasons, please provide to Student Experience – Academic (MBA) office the [Petition for Relief for MBA Missed Term Work](#) and the [McMaster University Student Health Certificate](#) which can be found on the DeGroot website at <http://mbastudent.degroot.mcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. University policy states that a student may submit a maximum of three (3) medical certificates per year after which the student must meet with the Director of the program.

To document absences for reasons other than health related, please provide Student Experience – Academic (MBA) office the [Petition for Relief for MBA Missed Term Work](#) and documentation supporting the reason for the absence.

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Such requests must be made to the Student Experience – Academic (MBA) office at least ten (10) working days before the scheduled exam along with acceptable documentation. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by Student Experience – Academic (MBA).

If the midterm is missed without a valid reason, students receive a grade of zero for that component.

### ***Missed Final Examinations***

A student missing a final examination without good reason will receive a mark of 0 on the examination

All applications for deferred and special examination arrangements must be made to the Student Experience – Academic (MBA) office. Failure to meet the stated deadlines may result in the denial of these arrangements. Deferred examination privileges, if granted, must be satisfied during the examination period at the end of the following term. There is a common sitting for all deferred exams.

Failure to write an approved deferred examination at the pre-scheduled time will result in a failure for that examination, except in the case of exceptional circumstances where documentation has been provided and approved. Upon approval, no credit will be given for the course, and the notation N.C. (no credit) will be placed on the student's transcript. Students receiving no credit for a required course must repeat the course. Optional or elective courses for which no credit is given may be repeated or replaced with another course of equal credit value.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Any student who is unable to write a final examination because of illness is required to submit the [Application for Deferred MBA Final Examination](#) and a statement from a doctor certifying illness on the date of the examination. The [Application for Deferred MBA Final Examination](#) and the [McMaster University Student Health Certificate](#) can be found on the DeGroot website at <http://mbastudent.degroot.mcmaster.ca/forms-and-applications/> Please do not use the online

McMaster Student Absence Form as this is for Undergraduate students only. Students who write examinations while ill will not be given special consideration after the fact.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within five business days of the missed examination.

Special examination arrangements may be made for students unable to write at the posted exam time due to compelling reasons (ie religious, or for part-time students only, work-related reasons):

- Students who have religious obligations which make it impossible to write examinations at the times posted are required to produce a letter from their religious leader stating that they are unable to be present owing to a religious obligation.
- Part-time students who have business commitments which make it impossible to write examinations at the times posted are required to produce a letter on company letterhead from the student's immediate supervisor stating that they are unable to be present owing to a specific job commitment.

In such cases, applications must be made in writing to the Student Experience – Academic (MBA) office at least ten business days before the scheduled examination date and acceptable documentation must be supplied.

If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write at an approved location with an approved invigilator, as determined by the Student Experience – Academic (MBA) office.

In such cases, the request for a deferred examination privilege must be made in writing to the Student Experience – Academic (MBA) office within ten business days of the end of the examination period.

Note: A fee of \$50 will be charged for a deferred exam written on campus and a fee of \$100 for deferred exams written elsewhere. In cases where the student's standing is in doubt, the Graduate Admissions and Study Committee may require that the student with one or more deferred examination privileges refrain from re-registering until the examination(s) have been cleared.

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### ***ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES***

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Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>



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## ***RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)***

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Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

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## ***COPYRIGHT AND RECORDING***

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Students are advised that lectures, demonstrations, performances, and course materials provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during the course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern.

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## ***POTENTIAL MODIFICATION TO THE COURSE***

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The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly and to note any changes.

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## ***ACKNOWLEDGEMENT OF COURSE POLICIES***

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Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of MBA F703 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

**COURSE SCHEDULE**

**MBA F703  
The History of Finance  
Winter 2022 Course Schedule**

<b>Date</b>	<b>Topics</b>	<b>Deliverables</b>
Jan 11	<b>Course Introduction:</b> why study history, institutions, institutional design	
Jan 18	<b>Payment Systems:</b> gifts, barter, ledgers, currency, fiat currency, digital money	
Jan 25	<b>Debt:</b> risks and safeguards, debt as money, bonds, peer-to-peer lending	
Feb 1	<b>Banking:</b> risks, governance, history, credit unions, offshore, microfinance	Case 1 – Feb 6 (Bank Act 1871)
Feb 8	<b>Central Banking:</b> liquidity, monetary policy, independence, network centrals	
Feb 15	<b>Companies:</b> financing, control, family firms, public equity, governance, SOEs	Case 2 – Feb 20 (HBC)
Mar 1	<b>MIDTERM EXAM</b>	
Mar 8	<b>Stock Markets:</b> economics of markets, margin trading, bubbles, regulation	
Mar 15	<b>Derivatives:</b> conditional payoffs, forwards, futures, options, quant finance	
Mar 22	<b>Insurance:</b> estimating risk, multi-line, actuarial science, specialty lines, failure	Case 3 – Mar 27 (Confed Life)
Mar 29	<b>Trusts:</b> endowments, sovereign wealth funds, mutual funds, hedge funds	
Apr 5	<b>Pensions:</b> annuities, sponsors, funding, design principles, the Canada model	
Apr 12	<b>The State:</b> political economy, market shaping, welfare state, demographics	Case 4 – Apr 14 (Next Oil Super)