

**MBA F703
The History of Finance
Winter 2024 Course Outline**

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

COURSE OBJECTIVE

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 21st century. This course will be of particular interest to students interested in world history, fintech, and financial innovation in general.

INSTRUCTOR AND CONTACT INFORMATION

William Huggins
Instructor
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Office Hours: after class
Tel: (647) 289-9240

William Huggins
Teaching Assistant
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Office Hours: TBA
-There is no TA, just me-

Course website: Avenue to Learn, Microsoft Teams

COURSE ELEMENTS

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

COURSE DESCRIPTION

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. **Classes are in a seminar format with students expected to prepare for discussions by reviewing assigned videos and slides ahead of time.**

LEARNING OUTCOMES

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
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COURSE MATERIALS AND READINGS

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 and the topics included in each on A2L)

EVALUATION

Learning in this course results primarily from the recorded lectures, the provided course notes, in-class seminar discussions, and researching your cases. Your final grade will be calculated as follows:

Components and Weights

Case Studies	4 cases (groups of 4-5), 10% each	40%
Participation	In-class and via Teams (discussions)	20%
Final Exam	Schedule TBA	40%
Total		100%

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 classes by reviewing the appropriate video segments, reading the supporting slides (see 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 three hours to discuss design innovations, ethical and philosophical issues, and the future of finance as related to that week's primary topic. The format of live classes is that of a seminar rather than a lecture – **come prepared!***

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 (20%)

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 either in-class or via the online discussions** (Microsoft Teams) related to the questions posed each week. You do not have to respond to every question (that’s really excessive) but should attempt to make some contribution to our exploration of the various topics under discussion each week.

In-person participation is an essential component of the learning activities in this course and as such, a minimum attendance policy is in place. Attendance of fewer than 4 classes in person will result in a grade penalty of up to 5% per missed class unless some unique accommodation is being provided.

Final Exam (40%)

The final exam will be a series of short answer questions (open book/note) covering materials from the videos, readings, and class discussions. It will cover all 12 topics in the course.

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.

COMMUNICATION AND FEEDBACK

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.degrootemcmaster.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.

ACADEMIC INTEGRITY

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

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

AUTHENTICITY/PLAGIARISM DETECTION

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.

COURSES WITH AN ON-LINE ELEMENT

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.

CONDUCT EXPECTATIONS

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.

MISSED ACADEMIC WORK

Missed Mid-Term Examinations / Tests / Class Participation

Please do not use the online [McMaster Student Absence Form \(MSAF\)](#) as this is for Undergraduate students only. The MBA program will not accept an MSAF.

When students miss regularly scheduled term work which contributes 10% or more to the final grade, for legitimate reasons as determined by the Student Experience – Academic Office (SEAO), the activity necessary to compensate for the missed work will be determined by the course instructor. The compensatory activities assigned will vary with the nature of the course and the missed requirement. They include (not restricted to) an alternative assignment, a rescheduled midterm exam, or re-weighting

the marks for the missed component to other mark components. Documentation explaining such missed work must be provided to the SEAO within five (5) working days of the scheduled date for completion of the work.

Acceptable reasons for missed work, along with the [Petition for Missed Term Work](#) and the [MBA Student McMaster University Student Health Certificate](#), can be found on the DeGroot MBA Student website (mbastudent.degroote.mcmaster.ca). Please direct any questions about acceptable documentation to the MBA Academic Advisors (askmba@mcmaster.ca).

University policy states that a student may submit a maximum of three (3) [Petition for Missed Term Work](#) per academic year, after which the student must meet with the Director of the program.

Students missing term work without an approved reason, will receive a grade of zero on that item.

Missed Final Examinations

Students must be available for the duration of the posted exam period regardless of their personal exam schedule. This is to ensure availability throughout the entire period in the event an exam must be rescheduled due to unforeseen circumstances (university closure, power outage, storm policy, etc.). A student who misses a final examination without valid reason will receive a mark of 0 on the examination.

Students who have missed a final exam for a valid reason can apply to the SEAO to write a deferred examination by submitting an [Application for Deferring a Final Exam](#) with supporting documentation. The application must be made within five days of the scheduled exam.

The [Application for Deferring a Final Exam](#) and the [MBA Student McMaster University Student Health Certificate](#) can be found on the DeGroot MBA Student website (mbastudent.degroote.mcmaster.ca)

Deferred examination privileges, if granted, are normally satisfied during the examination period at the end of the following semester. In select cases, the deferred examination may be written at a time facilitated by the SEAO and agreed to by the course instructor.

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

ACADEMIC ACCOMMODATION FOR STUDENTS WITH DISABILITIES

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 afterwards. The SAS website is: <http://sas.mcmaster.ca>

Students who are leveraging accommodation for tests and exams are supported by the SEAO. These exams are written at the Ron Joyce Centre and do not take place in the Tim Nolan Testing Centre. Correspondence for accommodations is managed via the DSBSAS@mcmaster.ca email address. Students must communicate their intent to leverage accommodations on a test or exam a minimum of 10 business days prior to the assessment.

ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)

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 the SEAO **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

COPYRIGHT AND RECORDING

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

The recording of lectures, tutorials, or other methods of instruction may occur during a 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 for you.

POTENTIAL MODIFICATION TO THE COURSE

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 type of 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 A2L weekly during the term and to note any changes.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your registration and continuous participation (e.g. on A2L, in the classroom, etc.) to the various learning activities of MBA F650 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

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Date	Topics	Due Dates
Jan 12	Course Introduction: why study history, institutions, institutional design	
Jan 19	Payment Systems: gifts, barter, ledgers, currency, fiat, digital money	
Jan 26	Debt: risks and safeguards, debt as money, bonds, peer-to-peer lending	
Feb 2	Banking: risks, governance, history, credit unions, offshore, microfinance	Case 1 – Feb 1 (Bank Act 1871)
Feb 9	Central Banking: liquidity, monetary policy, independence, network centrals	
Feb 16	Companies: financing, control, family firms, public equity, governance, SOEs	Case 2 – Feb 15 (Coyne Affair)
Feb 23	READING WEEK – NO CLASS	
Mar 1	Stock Markets: economics of markets, margin trading, bubbles, regulation	Case 3 – Feb 29 (HBC)
Mar 8	Derivatives: conditional payoffs, forwards, futures, options, quant finance	
Mar 15	Insurance: risk estimates, multi-line, actuarial science, specialty lines, failure	
Mar 22	Trusts: endowments, sovereign wealth funds, mutual funds, hedge funds	Case 4 – Mar 21 (Confed Life)
Mar 29	GOOD FRIDAY – NO CLASS	
Apr 5	Pensions: annuities, sponsors, funding, design principles, the Canada model	
Apr 12	The State: Due to Good Friday, we will NOT have a seminar session on The State, but YOU ARE STILL RESPONSIBLE FOR READING THE SLIDES AND WATCHING THE VIDEOS as this content appears on the final exam	