

# **ETHICS IN FINANCE – COURSE OUTLINE**

## **Course Convenor**

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## **Course Tutor**

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*(Should you have any questions pertaining to this course please refer to either me or Ms. Tanja Stjepanovic)*

## **Introduction**

Ethical practices are important as they instill public trust in the fairness of markets, thus allowing markets to function efficiently. Therefore, ethical practices by finance and investment professionals lead to increased investor confidence in the global capital markets. The material covered in this course provides a framework for the ethical conduct in the investment profession as presented by the CFA Institute Code of Ethics and Standard of Professional Conduct.

We will discuss and analyze several case studies relating to scandals that have shaken public confidence in the ethics of Wall Street and in many other marketplaces around the world. These discussions/debates provide avenues for identifying, evaluating and discussing ethical issues relating to finance institutions, both domestically and internationally. The aim of this course is to explain and debate the relevance of ethics and ethical practices in the operations of financial institutions and in the personal conduct of finance professionals.

Those students intending to have a fulfilling and effective career in finance, such as, investment management, portfolio management and financial planning/advisory, will be better informed of the CFA Institute Code of Ethics and Standards of Professional Conduct.

## **Course Description**

This course examines the role of ethics in finance and provision of financial services. The material covered includes the framework for ethical conduct in the investment profession as presented by CFA Institute of Ethics and Standards of Professional Conduct. Discussion of examples of scandals that have shaken public trust and confidence in the ethics of Wall Street and in other marketplaces around the world, the financial sectors internationally and domestically, will provide avenues for identifying and discussing ethical concerns and issues.

## **Course Structure**

This course will be delivered via lectures, presentations and debates via online mode (Zoom).

The details about the course teaching, assessment and presentations will be as follows:

**Online self-study:** Monday 2<sup>nd</sup> November to Sunday 6<sup>th</sup> December 2020

**Face-to-Face:** 7<sup>th</sup> to 10<sup>th</sup> December 2020 (participation is obligatory).

## Timetable

The following provides an overview of all possible lecture slots for this course:

Week	Monday	Tuesday	Wednesday	Thursday	Friday (Times indicated are in Germany times)
1	02/11/20 Online self-study Module 1	03/11/20 Online self-study Module 1	04/11/20 Online self-study Module 1	05/11/20 Online self-study Module 1	06/11/20 Online self-study Module 1 <b>(Webinar1 via Zoom from 8 am to 11 am)</b>
2	09/11/20 Online self-study Module 1	10/11/20 Online self-study Module 1	11/11/20 Online self-study Module 2	12/11/20 Online self-study Module 2	13/11/20 Online self-study Module 2 <b>(Webinar2 via Zoom, Q&amp;A about Ass 1 from 8 am to 11 am)</b>
3	16/11/20 Online self-study Module 2	17/11/20 Online self-study Module 2 <b>(Individual Essay Due Today at 5pm)</b>	18/11/20 Online self-study Module 2	19/11/20 Online self-study Module 3	20/11/20 Online self-study Module 3 <b>(Webinar3 via Zoom from 8 am to 11 am)</b>
4	23/11/20 Online self-study Module 3	24/11/20 Online self-study Module 3	25/11/20 Online self-study Module 3	26/11/20 Online self-study Module 3	27/11/20 Online self-study Module 3 <b>(Webinar4 via Zoom, Q&amp;A for CS1 from 8 am to 11 am)</b>
5	30/11/19 Online self-study Module 4	01/12/19 Online self-study Module 4 <b>(Case Study 1 Due Today at 5pm)</b>	02/12/19 Online self-study Module 4	03/12/19 Online self-study Module 4	04/12/19 Online self-study Module 4 <b>(Webinar5 via Zoom, Q&amp;A for Face2Face session from 8 am to 11 am)</b>
6	07/12/20 Face-to Face Session #1 <b>(via Zoom from 9 am to 1 pm)</b>	08/12/20 Face-to Face Session #2 <b>(via Zoom from 9 am to 1 pm)</b>	09/12/20 Face-to Face Session #3 <b>(via Zoom from 9 am to 1 pm)</b>	10/12/20 Face-to Face Session #4 <b>(via Zoom from 9 am to 1 pm)</b>	

## Learning Outcomes

Students who successfully complete this course should be able to:

1. Explain the major theories of ethics as a basis for the analysis and resolution of ethical issues in finance.
2. Critically examine ethical standards and issues of questionable professional conduct in finance.

3. Relate ethical principles to the finance theory of the firm.
4. Appraise CFA Institute Standards of Professional Conduct and recommend practices and procedures designed to prevent violations of ethical and professional practices.

## Assessment

The following make the assessment for this course:

Assessment	Type	Due Date	Time	Percentage of Total	Submission Method
1. Individual Essay	I	17/11/20	17.00	30	Online
2. Case Study 1	I	01/12/20	17.00	20	Online
3. Debate	G	During face-to-Face Session		30	In Lecture
4. Journal Article Presentation	G			20	In Lecture
Total				100	

I = Individual, G = Group. Group size will depend on number in class.

## Individual Essay

You are required to undertake research and submit an essay on the following topic:

***“Financial institutions and markets have become more unethical since deregulation”***

The length of your essay should be 2500 words excluding references. Please state the number of words used on the cover page of your essay. Marks will be deducted if the word count is  $\pm 10\%$ .

The essay needs to have the following structure: (1) Cover page, (2) Table of Contents, (3) Abstract, (4) Introduction, (5) Discussion, (6) Conclusion, and (7) References using referencing style required by the Centre for Finance. You should compare and contrast different financial institutions and markets and discuss the cases of unethical behavior. You should relate to theories and also discuss empirical evidence.

[Essay needs to be formatted as follows: use Times Roman 12 font size, headings should be 14 font size and bold. Line spacing should be 1.5cm. The paper should use left and right 2.5cm margin and be fully justified. Page numbering is required].

## Case Study 1 Analysis and Write-Up

The basic case study material will be provided on the Learnweb. This material is basic, and you are required to undertake an in-depth research regarding the background and recent developments relating to the case you have chosen to analyse. Your write-up should focus on the issues raised by the case and the development that has occurred until now (2020). You should clearly highlight ethical issues/theories involved.

Students are also required to submit their analysis of case study 1 online (via Learnweb).

**Please note that the Case Study 1 needs to be undertaken individually. Case Study 1 will be available on the Learnweb. Please liaise with Ms. Tanja Stjepanovic regarding the selection of the case for analysis for Case Study 1.**

[There is no word limit for the written part of the case, but marking will reflect on writing, relevance and quality of the information. Use similar format to Individual Essay for writing the case study].

### **Journal Article Presentation and Write-Up**

Students are required to select a journal article from the Learnweb related to the ethics in the finance industry and present it to class during the face-to-face session. **This assessment can be undertaken either individually or in pairs.**

You are required to prepare a PPT presentation on the chosen journal article. Students are required to submit their PPT after their presentation (in paper form) during the face-to-face session. Presentation will be for at least 20 minutes and 10 minutes for Q&A.

**Note that the Journal Article will be available on the Learnweb from the week beginning 30<sup>th</sup> November 2020. Please liaise with Ms. Tanja Stjepanovic regarding the selection of the Journal Article for either you or your group.**

### **Debate**

Students will be divided into four (4) groups and are required to debate the following topics:

#### **Topic #1:**

Resolve: We don't need ethics education as laws and regulations are sufficient.

#### **Topic #2:**

Resolve: Firms' goal is to maximise shareholder value only.

#### **Topic #3:**

Resolve: CEOs pay is the reflection of achievement and value creation.

#### **Topic #4:**

Resolve: Religion is important as it provides a good guide for ethics and moral values for society.

#### **Topic #5:**

Resolve: Capitalism has been good to the citizens in distributing wealth.

#### **Topic #6:**

Resolve: Women leaders are as productive as their male counterparts.

Details of the debate will be provided during the face-to-face session.

### **Plagiarism**

Please note that all written assessments submitted by you will undergo plagiarism check in iThenticate. By submitting your assessment, you have given permission to us to check for plagiarism.

## **Recommended Reading material for the course:**

Boatwright, J. R. (2012). *Ethics in Finance (3<sup>rd</sup> Ed.)*. Oxford: Oxford University Press.

Standard of Practice Handbook (11<sup>th</sup> Ed.). CFA Institute, Charlottesville, VA, USA. You can download PDF and e-book from:

<http://www.cfainstitute.org/learning/products/publications/ccb/Pages/ccb.v2014.n4.1.aspx>

Ferrell, O. C., Fraedrich, J. and Ferrell, L. (2015). *Business Ethics: Ethical Decision Making and Cases*. Canada: Cengage Learning.

## **Registration**

Registration for the course is open until 28th October, 8:00 a.m. Please note that the number of participants is limited. If the number of applicants is higher than the maximum number, preference will be given to participants who have applied first.

To register for the course, please send an E-mail with the subject *Ethics in Finance 2020* to [tanja.stjepanovic@wiwi.uni-muenster.de](mailto:tanja.stjepanovic@wiwi.uni-muenster.de) . Following information is mandatory, in case of missing information, registration will not be considered.

First Name:

Last Name:

E-Mail:

Home University: