

ETHICS IN FINANCE – COURSE OUTLINE

Course Convenor

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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 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 many other marketplaces around the world. These discussions/debates provide avenues for identifying, evaluating, and discussing ethical issues relating to financial institutions, both domestically and internationally. This course aims to explain and debate the relevance of ethics and ethical practices in the operations of financial institutions and 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 the provision of financial services. The material covered includes the framework for ethical conduct in the investment profession as presented by the 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 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, class presentations, in-class debates, and seminars. **The course will be delivered and assessed via online mode.**

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

Online self-study: Monday 1st November to Sunday 5th December 2021

Face-to-Face: 6th to 9th December 2021 (participation is obligatory)

Timetable

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

Week	Monday	Tuesday	Wednesday	Thursday	Friday
1	01/11/21 Online self-study Module 1	02/11/21 Online self-study Module 1	03/11/21 Online self-study Module 1	04/11/21 Online self-study Module 1	05/11/21 Online self-study Module 1 (Webinar1 via Zoom)
2	08/11/21 Online self-study Module 1	09/11/21 Online self-study Module 1	10/11/21 Online self-study Module 2	11/11/21 Online self-study Module 2	12/11/21 Online self-study Module 2 (Webinar1 via Zoom - Q&A about Ass 1)
3	15/11/21 Online self-study Module 2	16/11/21 Online self-study Module 2 (Individual Essay Due Today at 5 pm)	17/11/21 Online self-study Module 2	18/11/21 Online self-study Module 3	19/11/21 Online self-study Module 3 (Webinar3 via Zoom)
4	22/11/21 Online self-study Module 3	23/11/21 Online self-study Module 3	24/11/21 Online self-study Module 3	25/11/21 Online self-study Module 3	26/11/21 Online self-study Module 3 (Webinar5 via Zoom, Q&A for CS1)
5	29/11/21 Online self-study Module 4	30/11/21 Online self-study Module 4 (Case Study 1 Due Today at 5 pm)	01/12/21 Online self-study Module 4	02/12/21 Online self-study Module 4	03/12/21 Online self-study Module 4 (Webinar5)
6	06/12/21 Face-to-Face Session #1	07/12/21 Face-to-Face Session #2	08/12/21 Face-to-Face Session #3	09/12/21 Face-to-Face Session #4	

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	16/11/21	17.00	30	Online
2. Case Study 1	I	30/11/21	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 the 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 2000”

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 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 (2021). You should clearly highlight the ethical issues/theories involved.

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

Please note that Case Study 1 needs to be undertaken individually. Case Study 1 will be available in the Learnweb. Please liaise with Ms. Tanja Stjepanovic regarding the selection of the case study 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 a 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 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. The presentation will be for at least 20 minutes and 10 minutes for Q&A.

Note that the Journal Article will be available in Learnweb from the week beginning 29th November 2021. Please liaise with Ms. Tanja Stjepanovic regarding the selection of the Journal Article for either you or the 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 a plagiarism check in iThenticate. By submitting your assessment, you have given us your permission to check for plagiarism.

Recommended Reading material for the course:

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

Standard of Practice Handbook (11th 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 starts from 20th September, 8:00 am, and is open until 05th October, 8:00 am. Please note that the number of participants is limited to 24 students. Priority will be given to international students, but at least five places will be reserved for students from Muenster University. If the number of applicants will be higher than the maximum number, participants will be randomly selected.

To register for the course, please send an e-mail to tanja.stjepanovic@wiwi.uni-muenster.de with the subject: **Registration for Ethics in Finance**. It is important to write exactly this subject since only Emails with this subject will be automatically processed further in the registration procedure.

The following information is **mandatory**. In case of missing information, registration will not be considered.

First Name:

Last Name:

E-Mail:

Home University: