

Course Syllabus

Course Name:	Financial Institutions and Capital Markets	Year, Term:	2023, Summer Intensive (SIT)
Course Code:	RSM 2304H1S	Instructor Office:	RT 474
Instructor Name:	Claire Célérier	Instructor Office Hrs:	TBD
Instructor Phone:	416-978-6597	Instructor email:	claire.celerier@rotman.utoronto.ca
TA name(s):	Marianne Volle	TA email(s):	marianne.guernet@utoronto.ca

Delivery Mode

INPER

Course Description

This class has one goal: to provide you with a strong foundation in understanding the functioning and interactions of financial institutions and capital markets. To reach this goal, we will not only investigate the economic rationale that lies behind the design and regulation of financial institutions and capital markets, but also their history from the Antiquity to the present. This historical perspective will not only shed light on their current design but also help us understand what are the future challenges and possible solutions as, if history does not repeat itself, "it rhymes."

As this summer course will take place in Siena, we will put an emphasis on the historical context leading to the birth of our modern financial institutions and capital markets in the Italian Renaissance Italy. During this course, invited experts, guided tours and guided field trips will allow you to deepen your understanding of the design, development, regulation and future challenges of financial institutions and capital markets in a complete immersion in history.

Course Learning Outcomes

1. Understanding the historical roles of financial institutions in the economy and their current design
2. Learning about the functioning of capital markets and their challenges
3. Gaining insight into the history, purpose and need of regulations
4. Understanding the role of central banks and the implementation of monetary policy
5. Familiarizing with the risks facing these institutions and the challenges of managing these risks in a global and changing context

Course Grade Components

The final course grade reflects your level of demonstrated achievement of the [Course Learning Outcomes](#) listed above. Assessments of individual deliverables provide feedback on your progress towards the course grade. Your final grade will be determined using the component marks you receive on the course deliverables and the relative weights given below.

Note: Deliverables that are to be submitted in class are due at the beginning of class unless otherwise noted.

For situations in which students are not granted an academic accommodation for a missed or late deliverable, the missed or late deliverable will not be accepted [Click or tap here to enter text.](#)

Item	Weight (%)	Due Date /Time	Delivery	Ooriginal
Class Participation	20%	Ongoing	Class	<input type="checkbox"/>
Case Write-ups	60%	Before each class	Quercus	<input checked="" type="checkbox"/>
Final Presentation	20%	Last class	In-Person	<input type="checkbox"/>

Deliverables Descriptions

- **Case write-ups (60% of your overall grade)**

We will study 10 cases or simulations with an optional case or group activity. For each case, you have to deliver a case write up.

Grading

You will get the maximum number of points if you justify your answers and your reasoning is correct. Please note that clear, concise, and correct writing will also be considered in the evaluation of cases. You may lose points for writing that impedes communication: poor organization, weak paragraph development, excessive wordiness, hard-to-follow sentence structure, spelling mistakes and grammatical errors. Students who require additional support and/or tutoring with respect to their writing skills are encouraged to visit the Academic Success Centre (studentlife.utoronto.ca/asc) or one of the College Writing Centres (writing.utoronto.ca/writing-centres). These centres are teaching facilities – not editing services, where trained staff can assist students in developing their academic writing skills. There is no charge for the instruction and support.

Group Work

You can work in groups of 1, 2 or 3 students for cases and 2, 3 or 4 for group presentations. Learning to work together in teams is an important aspect of your preparation for your future careers. By preparing for case discussions in groups you will also learn from each other, tapping into the different backgrounds and expertise of your group members.

- **Final assessment (20% of your overall grade)**

The final assessment will be an in group presentations. You will have to identify one current challenge for today’s financial institutions and capital markets and how it relates with history.

Readings and Materials

You are expected to have read the assigned reading **before** class unless explicitly stated otherwise.

Additional materials may be posted on Quercus.

Item	Title	Required?	Location
Coursepack	Course packed of cases studies	Required	Online, link below and on Quercus
Link	TBD		

Schedule

Class #	Date	Topics	Deliverables	Readings
1	Monday Aug 7	Introduction A brief discussion on the origins of banks		Syllabus
Module 1 Banks				
2	Tuesday Aug 8	The Role of Banks	Case 1: “The Medici Bank”	Slides Session 1
3	Wednesday Aug 9	Banking Panics	Case 2: “Freedman’s Savings Bank” Bank Run Simulation	Slides Session 2
4	Thursday Aug 10	Bank Capital Regulation and Regulatory Arbitrage	Case 3: “Basel II Assessing the Default and Loss Characteristics	Slides Session 3

Class #	Date	Topics	Deliverables	Readings
			of Project Finance Loans.” Regulatory Arbitrage Simulation	
Field trip 1/3	Thursday Aug 10 Afternoon	Lunch and guided tour of Siena	Banca Monte Dei Paschi di Siena	Optional Readings: Syllabus
5 Invited Speaker	Friday Aug 11	Finance, Money and the Arts in the Italian Renaissance (14-17th centuries)	Conference followed by lunch and a guided tour of the Palazzo Pubblico	Optional Readings: Syllabus
August 14-16: Break Palio dell’Assunta				
Module 2 Capital Markets				
6	Thursday Aug 17	Sovereign Debt Markets: From the Emergence in City States to Today	Case 4: Creditor Activism in Sovereign Debt: “Vulture” Tactics or Market Backbone	Slides Session 5
Field trip 2/3	Thursday-Friday Aug 17-18	Over-night trip in Firenze	Guided tour of the city: “ Money, Banks and Art in Florence ”. Visit of the Palazzio Vecchio and group tour of the Palazzio Medici Riccardi.	Book suggestion: <i>Medici Money: Banking Metaphysics and Art in 15th century Florence</i> , by Tim Parks
7	Monday Aug 21	Banks and Capital Markets	Case 5: Eurozone	Slides Session 6
8	Tuesday Aug 22	Stock Markets: Bubbles and Crashes	Case 6: John Law and the Mississippi Bubble Bubble Simulation	Slides Session 7
9	Wednesday Aug 23	The Age of Capitalist Empires	Optional group presentation or case (TBD)	Slides Session 8
10	Thursday 24	OTC Markets and Shadow Banking	Case 7: Lehman and Repo 105 Podcast the origins of the shadow banking system	Slides Session 9

Class #	Date	Topics	Deliverables	Readings
Field trip 3/3	Thursday-Friday Aug 24-25	Over-night trip in Roma	Visit of the Historic Banca d'Italia and the Roman Coin collections at the National Roman Museum	Optional readings: Syllabus
Module 3				
Central Banks: History and New Challenges of Monetary Policy				
11	Monday Aug 28	Traditional Role of Central Banks: Financial Stability	Case 8: The South Sea Bubble and the Rise of the Bank of England	Slides Session 10
12	Tuesday Aug 29	Modern Role of Central Bank: Inflation	Case 9: Steering Monetary Policy	Slides Session 11
13	Wednesday Aug 30	Central Banks and New Monetary Policy	Case 10: Quantitative Easing	Slides Session 12
14	Thursday Aug 31	Student class presentations Conclusion		

Class Participation

I will judge your class participation based on the quality and the frequency of comments. I expect you to come to every class, be on time, and be prepared to participate. The TA will track your participation in class. If this percentage of your grade sounds like a lot, remember that your success in your future career relies a lot on how well you communicate with your colleagues.

Equity and Diversity for An Online Course

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

Academic Integrity

Academic integrity is essential to the pursuit of learning and scholarship in a university, and to ensuring that a degree from the University of Toronto is a strong signal of each student's

individual academic achievement. As a result, the University treats cases of cheating and plagiarism very seriously. The [University of Toronto's Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic dishonesty and the processes for addressing academic offences. Each Quercus "Home" page menu (right-hand side) also contains a link to AI.

All suspected cases of academic dishonesty will be investigated following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have questions or concerns about what constitutes appropriate academic behaviour or appropriate research and citation methods, please reach out to me. Note that you are expected to seek out additional information on academic integrity from me or from other institutional resources (for example, the [University of Toronto website on Academic Integrity](#)).

Ouriginal

Normally, students will be required to submit their course essays to the University's plagiarism detection tool (now Ouriginal) for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (<https://uoft.me/pdt-faq>).

Additional information re transition from previous software to Ouroriginal Sept. 1, 2021:
<https://act.utoronto.ca/pdt-change/>

Sustainability:

As part of Rotman's desire to monitor sustainability (ESG) content in our curriculum, for this course:

Hours dedicated to sustainability: 8-10

% of sustainability coverage as: social 20 ; governance 80. (Total = 100%).

Optional Readings

Session 1:

Parks, Tim. 2006. *Medici Money. Banking Metaphysics and Art in Fifteenth Century Florence*. The Penguin Random House.

Session 2:

Chapter 3 in Charles W. Calomiris & Stephen H. Haber, 2014. "[Fragile by Design: The Political Origins of Banking Crises and Scarce Credit](#)," [Economics Books](#), Princeton University Press, edition 1, number 10177.

Chapter 1 in Niall Ferguson, 2008. "[The Ascent of Money: A Financial History of the World](#)," The Penguin Press.

Osthaus, Carl R, 1976. *Freedmen, Philanthropy and Fraud: A History of the Freedman's Savings Bank*. University of Illinois Press.

Session 3:

Chapter 8 in Charles W. Calomiris & Stephen H. Haber, 2014. "[Fragile by Design: The Political Origins of Banking Crises and Scarce Credit](#)," [Economics Books](#), Princeton University Press, edition 1, number 10177.

Section 4:

De Roover, Raymond, 1963. *The rise and decline of the Medici Bank, 1397-1494*. Harvard University Press.

Parks, Tim. 2006. *Medici Money. Banking Metaphysics and Art in Fifteenth Century Florence*. The Penguin Random House.

Session 5:

Chapter 14 in Goetzmann, William N. 2016. "Money Changes Everything: How Finance Made Civilization Possible." Princeton University Press.

Chapter 17 in Goetzmann, William N., and K. Geert Rouwenhorst. 2005. "The Origins of Value: the Financial Innovations that Created Modern Capital Markets". Oxford University Press.

Jerome Roos, 2019. *Why Not Default? The Political Economy of Sovereign Debt*. Princeton University Press.

Session 6:

Chapter 19-21 in Goetzmann, William N. 2016. "Money Changes Everything: How Finance Made Civilization Possible." Princeton University Press.

Chapter 2 in Niall Ferguson, 2008. "[The Ascent of Money: A Financial History of the World](#)," The Penguin Press.

Graeber, David, 2021. *Debt. The First 5,000 years*. Penguin Random House.

Session 7:

Chapter 22 in Goetzmann, William N. 2016. "Money Changes Everything: How Finance Made Civilization Possible." Princeton University Press.

Chapter 3 in Niall Ferguson, 2008. "[The Ascent of Money: A Financial History of the World](#)," The Penguin Press.

Session 8:

Neal, Larry, 1990. *The Rise of Financial Capitalism. International Capital Markets in the Age of Reason.* Cambridge University Press.

Chapter 2 in Niall Ferguson, 2008. "[The Ascent of Money: A Financial History of the World](#)," The Penguin Press.

Chapter 3 in Galbraith, John Kenneth, 1994. "A Short History of Financial Euphoria". The Penguin Random House.

Session 10:

Ahamed, Liaquat, 2009. *Lords of Finance: The Bankers Who Broke the World.* Penguin Random House.

Leonard, Christopher, 2022. *The Lords of Easy Money. How the Federal Reserve Broke the American Economy.* Simon & Schuster.

Ball, Laurence M, 2018. *The Fed and Lehman Brothers: Setting the Record Straight on a Financial Disaster.* Cambridge University Press.

Session 11:

Dalrymple, William. 2019. *The Anarchy. The East India Company, Corporate Violence, and The Pillage of an Empire.* Bloomsbury Publishing.

Kynaston, David, 2020. *Till Time's Last Sand: A History of the Bank of England 1694-2013.* Bloomsbury Publishing.

Session 12:

Leonard, Christopher, 2022. *The Lords of Easy Money. How the Federal Reserve Broke the American Economy.* Simon & Schuster.

Standard Policies

The following are policies students should assume are in force with all Rotman courses. Full details for each of these policies can be found on the [Registrar's Office website](#):

1. [Academic Integrity](#)
2. [Code of Behaviour on Academic Matters](#)
3. [Team Work and Academic Integrity](#)
4. [Accessibility Services](#)
5. [Academic Accommodations](#)
6. [Class Attendance](#)
7. [Use of Technology](#)
8. [Assignment Cover Sheet](#)
9. [Scent-Free Environment](#)
10. [Grading Policies](#)
11. [Course Drop Deadline Policy](#), for MBA electives dates check relevant [course schedules](#)