



Hunan University ECON32: Ethics in Banking

Professor: To be announced
Total contact hours: 54 hours
Credit: 4

Course Description

This course will introduce the ethical basis of banking practice. Students will be guided to explore the conflict between the interests of banks and their customers, and investigate how this conflict plays out in relation to the lending policies and fee structures of banks. Under such circumstances, students will discuss the events of the global financial crisis from a moral perspective, and explore the ethical failure that triggered the American sub-prime calamities which have devastated homeowners and the global economy.

Topics covered include views of banking ethics, Ethical understanding in the banking sector, Self-governance and state regulation, Harsh Realities and Critique of Banking Ethics, Impact of securitisation, Misguided risk management, ect. The aim of this course is to develop an account of the virtues appropriate to bankers and banking.

Required Material

Textbook: *Ethics in Banking: The Role of Moral Values and Judgements in Finance*, Jes Villa

Publication: Palgrave Macmillan; 1st ed. 2015

Supplement: *Entrepreneurship, Finance, Governance and Ethics*, Robert Cressy, Douglas Cumming, Chris Mallin

Publication: Springer; 2013

Grading

- Homework 20%
- Quizzes 20%
- Midterm 20%
- Final Exam 40%

A+ 96-100	A 90-95	A- 85-89
B+ 82-84	B 78-81	B- 75-77
C+ 71-74	C 66-70	C- 62-65
D 60-61	F < 60	



Course Schedule

The course has 24 class sessions in total. All sessions are 2 hours and 15 minutes in length.
Note: the course outline and required readings are subject to change.

Class 1:

Introduction to the course
Approaching banking from a philosophical perspective
Global credit crisis(Apocalypse & Paradise lost)

Class 2:

Global credit crisis(Banks and household debt & Judgment on the banks)
Homework 1

Class 3:

Views of banking ethics:
Development of modern banking;
Necessity for banks in contemporary period;
Usury

Class 4:

Profit motive
Utilitarianism
Categorical imperative
Categorical imperative in banking ethics

Class 5:

Social contract theories (Contractarianism & Contractualism & Social contract methodology in business ethics); Virtue ethics; Specific concerns in finance and banking ethics

Class 6:

The Idea of Ethics in banking: Self Conception and Critique
Ethical understanding in the banking sector

Retail deposits (Trust & Product differentiation)
Credit cards and personal loans
Housing mortgage loans
Quiz 1

Class 7:

Ethical understanding in the banking sector
Corporate finance
Foreign exchange and securities trading
Code of conduct G. Bank self-assessment



Class 8:

Self-governance and state regulation

1) Code of banking practice

2) Regulation in hong kong:

Financial crises in retrospect;

The hong kong monetary authority:

credit cards & housing loans & negative equity problem & supervisory stance.

Class 9:

Self-governance and state regulation

Deregulation, banking crisis, and

recession; New regulatory model;

Attitude of australian banks towards regulators.

Homework 2

Class 10:

Preliminary conclusions

Diminution of responsibility

Departure from fairness

Opacity or transparency?

Class 11:

Review of the Previous Chapter

Midterm

Class 12:

Harsh Realities and Critique of Banking Ethics

The sub-prime crisis: an ethical failure?

Eviction from homes

Sub-prime mortgages analysed

Class 13:

Harsh Realities and Critique of Banking Ethics

Housing meltdown ; Origins of chaos

Financial wizardry ; Upsurge in securitisation

Class 14:

Impact of securitisation

Metamorphosis of banking

Implosion of the sub-prime market

Loss of trust

Class 15:



Impact of securitisation

D. Mutual mistrust and credit squeeze

E. Panic in the markets

F. Initial american policy remedies

Homework 3

Class 16:

Impact of securitisation

Banking collapse averted

Accomplices in bubble architecture

Ethical deficiency or selfishness

Class 17:

Accomplices in bubble architecture

Ethical deficiency or selfishness

Class 18:

Conclusions

Forgetfulness of responsibility

Class 19:

Injustice

Rational actor theories

Deficiencies of the rational actor paradigm

Quiz 2

Class 20:

Misguided risk management

Abandonment of prudence

Initial market reception

Contagion

Class 21:

Challenges to integrity

Prognosis for the future

Homework 4

Class 22:

Ethical pluralism

Glimmer of hope

Implications for action

Class 23:

Overall Review



Presentation

Class 24:
Final Exam

Attending Policy

Regular and prompt attendance is required. Under ordinary circumstances, you may miss two times without penalty. Each absence over this number will lower your course grade by a third of a letter and missing more than five classes may lead to a failing grade in the course. Arriving late and/or leaving before the end of the class period are equivalent to absences.

Policy on "Late Withdrawals"

In accordance with university policy, appeals for late withdrawal will be approved **ONLY** in case of medical emergency and similar crises.

Academic Honesty

Hunan University expects all students to do their own work. Instructors will fail assignments that show evidence of plagiarism or other forms of cheating, and will also report the student's name to the University administration. A student reported to the University for cheating is placed on disciplinary probation; a student reported twice is suspended or expelled.

General Expectations:

Students are expected to:

- Attend all classes and be responsible for all materials covered in class and otherwise assigned;
- Complete the day's required reading and assignments before class;
- Review the previous day's notes before class and make notes about questions you have about the previous class or the day's reading;
- Participate in class discussions and complete required written work on time;
- Refrain from texting, phoning or engaging in computer activities unrelated to class during the class period;
- While class participation is welcome, even required, you are expected to refrain from private conversations during the class period.

Special Needs or Assistance

Please contact the Administrative Office immediately if you have a learning disability, a medical issue, or any other type of problem that prevents professors from seeing you have learned the course material. Our goal is to help you learn, not to penalize you for issues which mask your learning.