



## Nanchang University ECON32: Ethics in Banking

**Credit:** 4

### ***Contact Hours***

This course is composed of 24 lecture sessions, 3 tutorial sessions and 9 office contact hours. Each lecture session takes 2 contact hours in length; each tutorial session takes 3 contact hours in length; There will be a Q-A review session (3 contact hours) and Final Exam (3 contact hours) at the end of this term. This course has 72 contact hours in total.

### ***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***

● Participation	10%
● Homework	20%
● Quizzes	20%
● Midterm	20%



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 contact hours in length. At the end of this term, there will be a Q-A review session(3 contact hours) and Final Exam (3 contact hours).

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

Class 21:

Initial market reception  
Contagion

Class 22:



Challenges to integrity  
Prognosis for the future  
Homework 4

Class 23:  
Ethical pluralism  
Glimmer of hope  
Implications for action

Class 24:  
Overall Review  
Presentation

### ***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***

Nanchang 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.