

**Commerce 3FM3  
The History of Finance  
Winter 2022 Course Outline**

**Finance and Business Economics Area  
DeGroote School of Business  
McMaster University**

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***COURSE OBJECTIVE***

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This course explores the emergence, evolution, and future of the tools and organizations that make modern finance possible. Through the study of the history of payments, debt, banking, corporations, markets, derivatives, pensions, insurance companies, and investment funds students will learn why such institutions are organized as they are today. Class discussions and the consideration of related case studies will provide students with modern perspectives and insights regarding how better versions might be designed to tackle the challenges of the 21<sup>st</sup> century. This course will be of particular interest to students interested in world history, fintech, and financial innovation in general.

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***INSTRUCTOR AND CONTACT INFORMATION***

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**William Huggins**  
Instructor  
[hugginsw@mcmaster.ca](mailto:hugginsw@mcmaster.ca)  
Office: RJC XXX  
Office Hours: after class  
Tel: (647) 289-9240

**Khoa Topp Nguyen**  
Student TA  
[Toppnguk@mcmaster.ca](mailto:Toppnguk@mcmaster.ca)  
Office Hours: TBA

**Course website:** Avenue to Learn

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***COURSE ELEMENTS***

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Credit Value:	3	Leadership:	No	IT skills:	No	Global view:	Yes
Avenue:	Yes	Ethics:	Yes	Numeracy:	No	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group work:	Yes	Oral skills:	No
Evidence-based:	Yes	Experiential:	Yes	Final Exam:	Yes	Guest speaker(s):	No

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## ***COURSE DESCRIPTION***

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This course provides an introduction to one of humanity’s “killer apps” – financial intermediation. Be it a bank, pension plan, insurance company, or investment fund, these organizations are all means by which the world’s savings are used to fund the world’s investments. Each of the tools and organizations studied were invented to overcome the challenges of intermediation. Studying them in historical context tells us about how cultural, geographic, and demographic constraints or endowments have affected their current design and what they might look like in the future.

In each session, a new financial “technology” will be introduced and we will spend some time considering the history its related institutions, how they have changed over time, and what their current incarnations look like today. In doing so, students will be required to think about how design choices impact the stakeholders of various institutions, the path-dependent nature of today’s structures, and how these organizations and tools can be adapted to better suit society’s needs in the future.

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## ***LEARNING OUTCOMES***

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Upon successful completion of this course, students will be able to complete the following tasks:

- Explain the core functions of financial institutions in plain language
  - Understand variations in institutional design with reference to local challenges and cultures
  - Identify the key roles and processes required to complete those functions
  - Analyze the priorities and concerns of various stakeholder groups
  - Evaluate how existing institutions and their processes meet the needs of their stakeholders
  - Synthesize best practices to improve processes and organizational design at financial firms
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## ***COURSE MATERIALS AND READINGS***

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### **REQUIRED:**

1. “Relentless Change: A Casebook for the Study of Canadian Business History”, Joe Martin (2011)  
University of Toronto Press. ISBN: 978-0-8020-9559-6

### **RECOMMENDED:**

1. “Money Changes Everything: How Finance Made Civilization Possible”, William Goetzmann (2016)  
Princeton University Press. ISBN: 978-0691143781
2. (There is a reading list of recommended titles on each topic included in the slides of each class)

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## **COURSE OVERVIEW AND ASSESSMENT**

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Learning in this course results primarily from the recorded lectures, in-class discussions, related readings, and researching your cases. Your final grade will be calculated as follows:

### **Components and Weights**

<b>Case Studies</b>	3 cases (group or solo), 10% each	30%
<b>Participation</b>	In-class and via Teams (discussions)	10%
<b>Midterm Exam</b>	In class (3 hours)	25%
<b>Final Exam</b>	(3 hours)	35%
<b>Total</b>		<b>100%</b>

### **Blended Learning Format**

*This course is offered in a Blended Learning format, which makes use of both synchronous and asynchronous materials. Students are expected to prepare for weekly synchronous (in-person) classes each week by reviewing the appropriate video segments posted on A2L, reading the supporting slides (explore the related links for more details), and thinking through the posted Discussion Questions which will form the basis of our in-person classes*

*Each week the class will meet in person for two hours to discuss design innovations, ethical and philosophical issues, and the future of finance as related to that week's primary topic.*

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## **COURSE DELIVERABLES**

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### **Case Studies (3 x 10% = 30%)**

All case studies are available in the required text "Relentless Change" but may include additional questions as provided in specific instructions on A2L. Final reports are to be submitted to electronic drop boxes set up on Avenue (only one submission per group is required) by 11:59pm EST on the dates listed below. Late submissions cannot be accepted. **You should make every attempt to form a group within the first two weeks of class so you can begin working together by mid-January.**

### **Participation (10%)**

Engagement with the course content will involve thinking deeply and critically about a number of issues related to the form and function of finance and its attendant tools. Students are expected to participate in both in-class and online discussions (via Microsoft Teams) related to the questions posed each week. You do not have to answer every question (excessive) but should attempt to make some contribution to our exploration of the various topics under discussion each week.

Name cards and class pictures are used to help give credit for your participation. You must have a name card, or log in, with your **full first and last name** clearly written and displayed for every class. Since student participation is an important component of this course, official McMaster student ID photographs will be used to ensure that each student is assessed accurately. The instructor will use the photograph to ensure the accuracy of participation marks, group work, and for identifying students for grading purposes

### **Midterm (25%)**

This test will cover material from the text book, readings, lectures and class discussions. It is an open-book test so you will have access to your text and any notes you prepare but not the videos. Most questions will be short answer but the test may also include longer form question(s) as well.

### **Final (35%)**

The final exam is of similar format to the midterm (cover materials from the text book, readings, lectures and class discussions) but is non-cumulative and discusses content seen since the midterm. It is open-book so you will have access to your text and any notes you prepare but not the videos. Most questions will be short answer but the test may also include longer form question(s) as well.

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## ***COMMUNICATION AND FEEDBACK***

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Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. All students must receive feedback regarding their progress prior to the final date by which a student may cancel the course without failure by default.

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## ***REQUESTING RELIEF FOR MISSED ACADEMIC WORK***

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In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar [“Requests for Relief for Missed Academic Term Work”](#) and the link below;

<http://ug.degroote.mcmaster.ca/forms-and-resources/missed-course-work-policy/>

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## ***ACADEMIC INTEGRITY***

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You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity. **It is your responsibility to understand what constitutes academic dishonesty.**

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/), located at <https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/>

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations.

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## ***AUTHENTICITY/PLAGIARISM DETECTION***

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**Some courses may** use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software.

**All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster’s use of Turnitin.com please go to [www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity).

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## ***COURSES WITH AN ON-LINE ELEMENT***

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**Some courses may** use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.

The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

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## ***CONDUCT EXPECTATIONS***

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As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the “Code”). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students’ access to these platforms.

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## ***ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES***

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Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or [sas@mcmaster.ca](mailto:sas@mcmaster.ca) to make arrangements with a Program Coordinator. For further information, consult McMaster University’s [Academic Accommodation of Students with Disabilities](#) policy.

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## ***ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)***

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Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

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## ***COPYRIGHT AND RECORDING***

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Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

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## ***EXTREME CIRCUMSTANCES***

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The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

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## ***ACKNOWLEDGEMENT OF COURSE POLICIES***

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Your enrolment in Commerce 3FM3 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

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**COURSE SCHEDULE**

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**Commerce 3FM3  
The History of Finance  
Winter 2022 Course Schedule**

<b>Week</b>	<b>Topics</b>	<b>Deliverables</b>
Jan 14	<b>Course Introduction:</b> why study history, institutions, institutional design	
Jan 21	<b>Payments:</b> gifts, barter, ledgers, currency, fiat currency, digital money	
Jan 28	<b>Debt:</b> risks and safeguards, debt as money, bonds, peer-to-peer lending	
Feb 4	<b>Banking:</b> risks, governance, history, credit unions, offshore, microfinance	
Feb 11	<b>Central Banking:</b> liquidity, monetary policy, independence, network centrals	Case 1 – Feb 10 (Bank Act 1871)
Feb 18	<b>MIDTERM EXAM</b>	
Feb 25	<b>READING WEEK – NO CLASS</b>	
Mar 4	<b>Companies:</b> financing, control, family firms, public equity, governance, SOEs	
Mar 11	<b>Stock Markets:</b> economics of markets, margin trading, bubbles, regulation	Case 2 – Mar 10 (HBC)
Mar 18	<b>Derivatives:</b> conditional payoffs, forwards, futures, options, quant finance	
Mar 25	<b>Insurance:</b> estimating risk, multi-line, actuarial science, specialty line, failure	
Apr 1	<b>Trusts:</b> endowments, sovereign wealth funds, mutual funds, hedge funds	Case 3 – Mar 31 (Confed Life)
Apr 8	<b>Pensions:</b> annuities, sponsors, funding, design principles, the Canada model	
Week of April 10 (Async)	<b>The State:</b> political economy, market shaping, welfare state, demographics	