

**COMM 3FM3  
The History of Finance  
Winter 2024 Course Outline**

**Finance and Business Economics Areas  
DeGroot 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  
Office Hours: after class  
Tel: (647) 289-9240

**TBA**  
Teaching Assistant  
[XXXX@mcmaster.ca](mailto:XXXX@mcmaster.ca)  
Office Hours: TBA

**Course website:** Avenue to Learn, Microsoft Teams

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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. **Classes are in a seminar format with students expected to prepare for discussions by reviewing assigned videos and slides ahead of time.**

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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
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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 and the topics included in each on A2L)

## ***EVALUATION***

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

### **Components and Weights**

<b>Case Studies</b>	4 cases (groups of 4-5), 10% each	40%
<b>Participation</b>	In-class and via Teams (discussions)	20%
<b>Final Exam</b>	Schedule TBA	40%
<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 classes by reviewing the appropriate video segments, reading the supporting slides (see 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 three hours to discuss design innovations, ethical and philosophical issues, and the future of finance as related to that week's primary topic. The format of live classes is that of a seminar rather than a lecture – **come prepared!***

### **Grade Conversion**

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme:

<b>LETTER GRADE</b>	<b>PERCENT</b>	<b>POINTS</b>
A+	90-100	12
A	85-89	11
A-	80-84	10
B+	75-79	9
B	70-74	8
B-	60-69	7
F	00-59	0

### **Case Studies (4 x 10% = 40%)**

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 (20%)**

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 either in-class or via the online discussions** (Microsoft Teams) related to the questions posed each week. You do not have to respond to every question (that’s really excessive) but should attempt to make some contribution to our exploration of the various topics under discussion each week.

### **Final Exam (40%)**

The final exam will be a series of short answer questions (open book/note) covering materials from the videos, readings, and class discussions. It will cover all 12 topics in the course.

### **Please Note:**

1. There will be NO make-up for any missed assessment activity and NO extra credit work will be offered under any circumstance.
2. Marks for all pre-final exam evaluation activities will be posted on Avenue.

Your final grade should come through official channels. Hence, marks for final exam will not be posted on Avenue.

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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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## ***COURSE MODIFICATION***

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From time to time there may be a need to remove/add topics or to change the schedule or the delivery format. If these are necessary, you will be given as much advance notice as possible.

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## ***GENERATIVE AI***

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### **USE PROHIBITED**

**Students are not permitted to use generative AI in this course.** In alignment with [McMaster academic integrity policy](#), it “shall be an offence knowingly to ... submit academic work for assessment that was purchased or acquired from another source”. This includes work created by generative AI tools. Also state in the policy is the following, “Contract Cheating is the act of “outsourcing of student work to third parties” (Lancaster & Clarke, 2016, p. 639) with or without payment.” Using Generative AI tools is a form of contract cheating. Charges of academic dishonesty will be brought forward to the Office of Academic Integrity.

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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](#).

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 via an online learning platform (e.g. Avenue to Learn, 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, 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 more 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.

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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, Avenue to Learn 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.



**COURSE SCHEDULE**

**COMM 3FM3  
The History of Finance  
Winter 2024 Course Schedule**

<b>Date</b>	<b>Topics</b>	<b>Due Dates</b>
Jan 12	<b>Course Introduction:</b> why study history, institutions, institutional design	
Jan 19	<b>Payment Systems:</b> gifts, barter, ledgers, currency, fiat, digital money	
Jan 26	<b>Debt:</b> risks and safeguards, debt as money, bonds, peer-to-peer lending	
Feb 2	<b>Banking:</b> risks, governance, history, credit unions, offshore, microfinance	Case 1 – Feb 1 (Bank Act 1871)
Feb 9	<b>Central Banking:</b> liquidity, monetary policy, independence, network centrals	
Feb 16	<b>Companies:</b> financing, control, family firms, public equity, governance, SOEs	Case 2 – Feb 15 (Coyne Affair)
Feb 23	<b>READING WEEK – NO CLASS</b>	
Mar 1	<b>Stock Markets:</b> economics of markets, margin trading, bubbles, regulation	Case 3 – Feb 29 (HBC)
Mar 8	<b>Derivatives:</b> conditional payoffs, forwards, futures, options, quant finance	
Mar 15	<b>Insurance:</b> risk estimates, multi-line, actuarial science, specialty lines, failure	
Mar 22	<b>Trusts:</b> endowments, sovereign wealth funds, mutual funds, hedge funds	Case 4 – Mar 21 (Confed Life)
Mar 29	<b>GOOD FRIDAY – NO CLASS</b>	
Apr 5	<b>Pensions:</b> annuities, sponsors, funding, design principles, the Canada model	
Apr 12	<b>The State:</b> Due to Good Friday, we will NOT have a seminar session on The State, but <b>YOU ARE STILL RESPONSIBLE FOR READING THE SLIDES AND WATCHING THE VIDEOS</b> as this content appears on the final exam	