

- Faculté des sciences économiques
- [www.unine.ch/seco](http://www.unine.ch/seco)

## Finance Ethics (5AF2039)

Filières concernées	Nombre d'heures	Validation	Crédits ECTS
<b>Master en finance</b>	<b>Cours: 2 ph</b>	Voir ci-dessous	3
<b>Master in General Management</b>	<b>Cours: 2 ph</b>	Voir ci-dessous	3

ph=période hebdomadaire, pg=période globale, j=jour, dj=demi-jour, h=heure, min=minute

### Période d'enseignement:

- Semestre Printemps

### Equipe enseignante

Prof. Eelco Fiole  
Institute of Financial Analysis  
Rue A.-: Breguet 2  
CH-2000 Neuchâtel  
Tel. +41 32 718 1350 Email: [eelco.fiole@unine.ch](mailto:eelco.fiole@unine.ch)

### Contenu

Finance ethics is one type of domain ethics, part of both normative and applied ethics, however not part of meta-ethics. At UniNe Finance Ethics is an intensive and demanding course, meant to equip students with the academic insights and skills to make decisions in financial matters in an ethical way. Financial decisions are often times far reaching for oneself, and taken as part of a profession, working in finance, far reaching for others. This latter situation, taking financial decisions for somebody else, depicts a key problem in finance ethics. The mere appearance of this particular situation leads to a duty coming into existence, a duty of fiduciary nature: the other needs to trust the financial decision maker. Further, every decision, also a financial one, has ethical content, sometimes much, sometimes little, meaning that a decision can be made for better or for worse. Ethical questions often times have no definitive answer, answers can vary, as schools of thought vary. The course offers the insight and skill to help analyse questions of finance on their ethical content, maybe supporting better risk management.

Concretely, this course covers an introduction into three leading western schools of moral thought: deontology, utilitarianism and virtue ethics, which all give different views on ethical decision making: on what must be leading ethical principles for decision making. After that the course goes into depth and explores the fundamentals of finance ethics, such as agency issues, ethics in retail financial services, which includes topics such as sales practices and retail products, ethics in investment management, which includes socially responsible investing and microfinance, ethics in financial markets, which includes topics like fairness and financial engineering, and ethics in financial management, which includes topics such as risk management and corporate governance. All these situations have specific ethical challenges which need navigating.

To make the academic material more tangible for students, the course includes discussion of a case study of a real situation that many financial professionals will remember, written up by a major business school. Further, the course benefits from a guest lecture, typically from a person at the forefront of ethical topics in finance. Over the years, guest speakers have included whistleblowers on high-frequency trading, Madoff and sovereign wealth fund management, an investigative financial journalist, the arresting FBI-agent of the Wolf of Wall Street, the chair of a major bank serving a world religion, a counter terrorism financial intelligence expert of the US army, and a convicted rogue trader of a major bank. Indeed, it is always humbling to see how people are willing to share their deep insights with students, who are about to embark on their careers in finance. The course also includes ethics of the CFA-program, the world leading financial analyst training program of the CFA Institute, that many students choose to start with at the end of their academic studies. As such, this course supports preparation for the CFA-exams and enables the university to be a partner university of the CFA Institute.

The course is academic, interactive and of practical use, and often serves as an eye opener for students, during or after their university studies.

### Forme de l'évaluation

Two-hour written exam (100%) during the exam session  
Re-take exam: two-hour written exam (100%) during the exam session.

Neither documents nor connected devices are permitted during the exams.  
In case of violation of these rules, the students are in situation of fraud and the unauthorized items will be removed. The exam could be deemed as failed.

No change in the event of remote exams.

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## **Finance Ethics (5AF2039)**

### **Documentation**

- Ethics in finance, 3rd edition, 2013, by John Boatright (Wiley Blackwell)
- Standards of Practice Handbook, 11th edition, by CFA Institute, downloadable for free here: <https://www.cfainstitute.org/-/media/documents/code/code-ethics-standards/standards-practice-handbook-11th-ed-eff-July-2014-corr-sept-2014.ashx>
- INSEAD case study "Rogue Trader" by N. Craig Smith and Mark Hunter
- An introduction to moral philosophy, 1st edition, 2018, by Jonathan Wolff (WW Norton).

### **Pré-requis**

None

### **Forme de l'enseignement**

Lectures: 3-day courses, see schedule on UniNE website

### **Objectifs d'apprentissage**

Au terme de la formation l'étudiant-e doit être capable de :

- Apply moral philosophy by a variety of typical problems in finance
- Recognise ethical dilemma's
- Apply moral analytics to ethical dilemma's
- Deduct where morality in finance occurs
- Recognise real-life situations in which ethical dilemma's in finance occur
- Recognise how ethical-decision making in finance works
- Classify the standards set by the CFA Institute, especially for the investment industry

### **Compétences transférables**

- Decision making making
- Work in an international context
- Apply knowledge to new situations
- Act on the basis of an ethical reasoning