



Global Banking and Capital Markets - B40.3387.01 Spring 2015

Tuesday 6:00 – 9:00 pm
KMC X-XX
TA: Lauren Burns (leb437)

Profs. Roy C. Smith and Ingo Walter
rsmith@stern.nyu.edu – KMC 9-93
iwalter@stern.nyu.edu – KMC 9-70

SYLLABUS

This course addresses modern wholesale banking. i.e., the activities of large universal and investment banks which today offer a relatively consistent products and services in markets all around the world. It does not focus on retail or consumer banking except peripherally -- for example, accessing local banking markets via foreign direct investment in acquisitions, joint ventures or green-field projects.

Since the global wholesale banking industry is subject to constant change and upheaval, a fair amount of class time is spent, where appropriate, discussing current events, trends and developments as they are happening.

The course is case-oriented and strives to develop a high level of class discussion and interactivity. All students are expected to participate.

The initial course outline is given below. It may be subject to change on short notice to adapt to current events.

There are no prerequisites for the course, but students with no prior training in economics or finance may find some of the material difficult going.

Course Rules and Other Requirements

1. NYU Classes will be the main method of communications with students. All cases and readings not included in the textbook will be posted on NYU Classes (under “Assignments”) in advance. The “official” course outline is the one posted (and occasionally changed) on NYU Classes.

2. Students are expected to conform to all of the Stern Default Rules on attendance and punctuality, and to the Stern and New York University Honor Codes.
3. Open laptops will not be allowed in class. Text messaging, web browsing or other use of cellphones be permitted. None of these is necessary for this course.
4. Students are required to bring their name-signs to class and display them where they sit. Absence of name-signs means zero credit for classwork (see below).

Textbook:

Global Banking, by Roy C. Smith, Ingo Walter and Gayle DeLong, Third Edition (New York: Oxford University Press, 2012). Denoted SWD. Available at the NYU Bookstore.

All other class materials are made available on NYU Classes at no charge.

Faculty opinion on current events in banking and financial markets can be accessed at: <http://www.stern.nyu.edu/experience-stern/faculty-research/index.htm>

Grading:

There are two exams, a midterm and a final. They are weighted equally to determine a final grade. The answers to the exam questions will be posted for a few days following the exam and students are invited to compare their answers to the answer key. If a student feels his/her exam was incorrectly scored, he/she may submit it to Prof. Smith or Prof. Walter or a once-only re-reading and grade adjustment – either up or down, as appropriate.

The instructors may add (or subtract) up to 10 points to the average grade on the exams for noteworthy (or lack of) contribution to class discussion.

Instructors:

See bios at the end of this syllabus.

Office hours:

Tuesday afternoons and by appointment.

COURSE OUTLINE

Session 1 – February 10, 2015 – SMITH & WALTER

First Session: Global Financial Architecture and Institutional Reconfiguration (W)

Second Session: Global Capital Markets Today (S)

- Reading: GB, Preface and Chapter 12

Session 2 - February 17 – SMITH

Global Debt Capital Markets

- Readings: GB, Chapters 1 and 4
- Case: Autostrade's Debt Financed Takeover

Session 3 - February 24 – WALTER

Wholesale Commercial Banking – Straight and Securitized Lending, Syndications and Project Finance

- Reading: GB Chapters 2 and 3.
- Case: Cheniere
- Guest: Paul Tice, BlackRock, "Project and Infrastructure Financing"

Session 4 - March 3 – WALTER

Cross-border Mergers, Acquisitions, Privatizations and Corporate Restructurings

- Reading: GB Chapters 7 and 8
- Cases: "The Acquisition of Martell" and "ABN Amro."
- Note: This class will have a 10 minute break and end at 8:30 pm.

Session 5 - March 10 – SMITH

Global Equity Capital Markets

- Reading: GB, Chapter 5
- Cases: Deutsche Telekom, Glencore, Alibaba

Session 6 - March 24 – WALTER

First Session: The Buy Side of the Global Financial Markets – Asset Management

- Reading: GB Chapters 9, 10 and 11.
- Case: UBS Private Banking 2006

Second Session: Midterm Exam

Session 7 - March 31 – WALTER

The Crisis of 2008 – Causes, Effects and Challenges

- Reading: Roy C. Smith, “Six Years After the Crisis”

Session 8 - April 7 – SMITH

Banking in Europe and the Eurozone

- Reading: Roy C. Smith “The Agony of the Euro”

Session 9 - April 14 – SMITH

Banking in Japan, China and Russia

- Reading: Roy C. Smith, “A Sobering Anniversary”.

Session 10 - April 21 -- SMITH

The New Competitive Landscape – SIFIs, Banks, and Shadow Banks

- Reading: Brad Hintz, “The Downgrading of Goldman Sachs”

Session 11 - April 28 – WALTER

Banking in Emerging Market Countries; Sovereign Risk Management

- Reading: GB, Chapter 13
- Standard & Poor’s, “Sovereign Government Rating Methodology and Assumptions”
- Guest: John Chambers, Managing Director, Standard & Poor’s

May 5 – SMITH & WALTER

First Session: Strategic Challenges for Global Banks (Smith)
The New World: Risk Management (Walter)

Second Session: Final Exam

Instructor Bios

Roy C. Smith

Roy C. Smith holds the Kenneth Langone Chair in Entrepreneurship and Finance at Stern. He has been on the faculty of the Stern School since September 1987. Prior to this he was a General Partner of Goldman, Sachs & Co., which he joined in 1966, specializing in international investment banking and corporate finance. Upon his retirement from the firm to join the faculty, he was the senior international partner. During his career at Goldman Sachs he served as President of Goldman Sachs International Corp. while resident in the firm's London office in the 1980s.

Mr. Smith received his B.S. degree from the U.S. Naval Academy in 1960, and his M.B.A. degree from Harvard University in 1966.

Mr. Smith's principal areas of research include international banking and finance, all forms of entrepreneurial finance and institutional investment, and professional conduct and business ethics. He is a frequent guest lecturer at other business schools in the U.S. and in Europe.

In addition to various articles in professional journals and op-ed pieces, he is the author of *The Global Bankers*, E.P. Dutton, 1989, *The Money Wars*, E.P. Dutton, 1990 and *Comeback: The Restoration of American Banking Power in the New World Economy*, Harvard Business School Press, 1993, *The Wealth Creators*, St. Martin's Press, 2001, *Adam Smith and the Origins of American Enterprise*, 2002, and *Paper Fortunes - The Modern Wall Street*, St. Martin's Press 2010. He is also co-author with Ingo Walter of several books including *Street Smarts*, Harvard Business School Press, 1997, *High Finance in the Euro Zone*, FT-Prentice Hall, 2000, *Governing the Modern Corporation*, Oxford University Press, 2005, and *Global Banking*, (Third Edition) Oxford University Press, 2012.

Mr. Smith was a Limited Partner of Goldman, Sachs & Co. until its public offering in May 1999. He has been a director of public corporations in the US and in the UK, and was a founding partner of a London-based financial services consulting company. He is currently a director of Private Client Resources, Inc., and a trustee of several family investment trusts and a charitable foundation, and a past member of the board of directors of the Juvenile Diabetes Research Foundation.

Ingo Walter

Ingo Walter holds the Seymour Milstein Chair in Finance, Corporate Governance and Ethics at the Stern School of Business, New York University.

He has been on the faculty at New York University since 1970. From 1971 to 1979 he was Vice Dean for Academic Affairs and subsequently served a number of terms as Chair of International Business and Chair of Finance. Subsequently he served as Director of the New York University Salomon Center for the Study of Financial Institutions from 1990 to 2003 and Director of the Stern Global Business Institute from 2003 to 2006. He served as Dean of the Faculty from 2008 to 2012.

Prof. Walter has had visiting professorial appointments at the Free University of Berlin, University of Mannheim, University of Zurich, University of Basel, the Institute for Southeast Asian Studies in Singapore, IESE in Spain, University of Western Australia and various other academic and research institutions. He also held a joint appointment as Professor of International Management from 1986 to 2005, and remains a Visiting Professor at INSEAD.

His current areas of academic and consulting activity include international financial intermediation and banking. He has published papers in most of the professional journals in international economics and finance, and is the author, co-author or editor of 27 books, most recently *Global Asset Management* (London: Palgrave-Macmillan, 2013). He has served as a consultant to various corporations, banks, government agencies and international institutions, and has held a number of board memberships.

Prof. Walter received his A.B. *summa cum laude* and M.S. degrees from Lehigh University and his Ph.D. degree from New York University.