



Global Banking and Capital Markets - B40.3387.01 – Fall 2015

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SYLLABUS

This course addresses modern wholesale banking. i.e., the activities of large universal and investment banks which today offer many of the same products and services in markets all around the world. It does not focus on retail or consumer banking except peripherally (e.g., accessing local banking markets via foreign direct investment in Greenfield projects or acquisitions and joint ventures).

As this industry is subject to constant change and upheaval, a fair amount of time is spent discussing current events, trends and developments as they are happening, and why.

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

The preliminary course outline is attached. It is subject to change on short notice to adapt to current events. The outline for the second half of the course, for example, may only be indicative at this time.

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

Course Rules and Other Quirky 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 in advance. The “official” course syllabus 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. Laptops will not be allowed to be open during class. Nor will text messaging or other use of electronic devices be permitted. Neither 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 no credit for classwork.

Required 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 bookstore.

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

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 rereading and grade adjustment (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.

Office Hours

Profs. Smith and Walter will generally be at Stern Monday-Thursday during the fall term and will be happy to meet with students during that time. Please email for an appointment.

COURSE OUTLINE

1. Sept 3 Introduction: Global Banking Today (S)
ASSIGNMENT: GB Preface and Chapter 1
2. Sept 8 The Re-internationalization of American Finance (S)
ASSIGNMENT: “Born Again Banking”
3. Sept 10 Global Debt Markets (S)
ASSIGNMENT: GB, Chapters 2 and 4
CASE: *Autostrade’s Debt Financed Takeover*
4. Sept 17 Global Debt Markets (S)
CASE: *FNMA A\$ Bonds*
5. Sept 22 Wholesale Lending (W)
ASSIGNMENT: GB Chapter 2 and 3
6. Sept 24 Risk Management in Banks and Financial Firms (W)
CASE: *Banco Espirito Santo*
7. Sept 29 Global Equity Capital Markets (S)
ASSIGNMENT: GB Chapter 5
8. Oct 01 Global IPOs (S)
ASSIGNMENT: GB Chapter 8
CASE: *Deutsche Telekom, Alibaba*
9. Oct 06 Privatizations (S)
CASE: *Jenapharm*
10. Oct 8 Cross-border Mergers and Acquisitions (W)
ASSIGNMENT: GB Chapter 7
CASE: *The Steel War: Arcelor-Mittal*
11. Oct 15 International Private Banking (W)
ASSIGNMENT: GB Chapter 11
CASE: *UBS Private Banking*
12. Oct 20 Global Institutional Asset Management (S)
ASSIGNMENT: GB Chapter 9
CASE: *ADIA 2015*

13. Oct 22 Project Finance (Paul Tice)
ASSIGNMENT: GB Chapter 3
CASE: *Cheniere*
14. Oct 27 Midterm Exam
15. Oct 29 Global Financial Architecture (W)
ASSIGNMENT: GB Chapter 12
16. Nov 03 The Forgotten Global Banking Crisis (1984-1995) (S)
ASSIGNMENT: "Banking at the Brink"
17. Nov 05 Banking in Europe (W)
ASSIGNMENT: High Finance in the Eurozone, Ch. 1
18. Nov 10 Banking in Japan and China (S)
ASSIGNMENT: "A Sobering Anniversary"
19. Nov 12 Banking in Emerging Markets and Sovereign Risk (W)
ASSIGNMENTS: GB Chapter 13, "What's Next for Cuba"
20. Nov 17 The Financial Crisis of 2008 (Causes and Effects) (W)
ASSIGNMENT: Acharya et al. "Manufacturing Systemic Risk"
21. Nov 19 Reconstituting the Banking System (S)
ASSIGNMENT: "Six Years after the Crisis"
22. Nov 24 Sovereign Debt Crises in Europe (S)
ASSIGNMENT: "The Agony of the Euro," and "A Grecian Formula for Courting Disaster," (Bulow and Rogoff)
23. Dec 01 Reputation and Culture in Global Banking (W)
ASSIGNMENT: Walter, "Reputational Risk"
24. Dec 03 Shadow Banking (W)
ASSIGNMENT: Saunders & Walter, "Universal Banking"
25. Dec 8 Strategic Challenges (W)
ASSIGNMENT: GB Chapter 16
26. Dec 10 The Future of Global Banking and Capital Markets (S)
ASSIGNMENT: GB Chapter 17
CASE: *Deutsche Bank Plan 2015+*