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. 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 happen.

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

The preliminary course outline is attached; it is subject to change or short notice to adapt to current events. The outline for the second half of the course, for example, is only indicative at this time.

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. The TA, Eren Tufekci, a PhD student in the Department of Economics at NYU, is available to assist anyone having difficulty.

Course Rules and other Quirky Requirements

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

2. Students are expected to conform to all of the Stern Default Rules on attendance and punctuality, and to the Stern Honor Code.
3. Laptops will not be allowed to be open during class. Neither will text messaging or other use of cell phones be permitted.

4. Students are required to bring their name-signs to class and display them where they sit.

5. You may eat in class if you clean up after yourself.

Required Textbook:

*Global Banking*, by Roy C. Smith and Ingo Walter, Oxford Univ. Press., available at the bookstore. Other materials are made available on Blackboard 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, and if they feel their exams were incorrectly scored they may submit them to Prof. Smith for a once-only rereading and grade adjustment (up or down) as he may think appropriate.

The instructor 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, etc.**

Prof. Smith will be at Stern Mondays through Thursdays during the term and will be happy to meet with any student during that time. Please drop by or email for an appointment.

You may email the TA, Eren Tufekci, for an appointment.
COURSE OUTLINE
(Preliminary)

1  Sept 2  The Financial Crisis of 2007 - 2008: Causes and Effects
ASSIGNMENT: RCS “The Mortgage Crisis” (on Blackboard)

2  Sept 4  The Financial Crisis Continued: UBS, Citigroup, Merrill Lynch, Bear Stearns, FNMA, etc.
ASSIGNMENT: RCS “The Banks” (Blackboard)

3  Sept 9  The International Monetary System, Global Capital Markets, Cross Border Flows, “Basel” Regulation of Banks and Investment Banks
ASSIGNMENT: GB Chapter 2

4  Sept 11 Global Bond and Swap Markets
ASSIGNMENT: GB, Chapters 3 & 4

5  Sept 16 Global Bank Lending
ASSIGNMENT: GB, Chapters 5 and 6.
CASE: Autostrade’s Debt Financed Takeover (Blackboard)

6  Sept 18 Global Bond and Swap Markets
CASE: Dresser-Rand LBO Financing (Blackboard)

7  Sept 23 Global Equity Markets: Market Structure, Institutions and Practices
ASSIGNMENT: GB, Chapter 7
8. Sept 25  Global Equity Markets
   CASE: *Deutsche Telekom 1 and 2* (Blackboard)

[Sept. 30 No Classes]

   ASSIGNMENT: *GB*, Chapter 8

10 Oct 7  Global M&A Transactions
   CASE: *The Acquisition of Martell* (Blackboard)

[Oct 9 No Classes]

11 Oct 14  Global M&A Transactions
   CASE: The Steel War: Mittal v Arcelor (Blackboard)

12 Oct 16  Global M&A -- Privatization
   ASSIGNMENT: GB Chapter 9
   CASE: *The Sale of Jenapharm* (Blackboard)

13. Oct 21  Mid-Term Examination

14 Oct 23  Private Banking
   ASSIGNMENT: GB Chapter 11
   CASE: *UBS Private Banking* (Blackboard)

15 Oct 28  Pension and Mutual Funds
   ASSIGNMENT: (“Mutual Funds, etc.”) (Blackboard)

16. Oct 30  Hedge Funds and Private Equity
   ASSIGNMENT: RCS “Hedge Funds and Private Equity”
   (Blackboard)

17 Nov 4  Europe’s New Capital Market
   ASSIGNMENT: *Eurozone* (...
CASE: Allianz AG (Blackboard)

18 Nov 6 Evolution in Japan’s Financial Markets

ASSIGNMENT: RC Smith, Comeback, Chapter 7, The Rising of the Sun & Chapter 8, The Supernova Fades (Blackboard or handed out in class)

19 Nov 11 Global Banking in Emerging Markets

ASSIGNMENT: GB, Chapter 12
CASE: Republic of Argentina Debt Exchange 2005 (Blackboard)

20 Nov 13 China:

ASSIGNMENT: TBD

21 Nov 18 Managing Global Banks: Banking Risks and Trading

ASSIGNMENT: TBD

22 Nov 20 Managing Global Banks: Operational and Other Risks

ASSIGNMENT: TBD

23 Nov 25 Regulation of Global Banking – Basel 2007

ASSIGNMENT: GB, Chapter 13; TBD

[Nov 27 No Classes]

24 Dec 2 Strategic Challenges and Performance

ASSIGNMENT: GB, Chapter 14 and Eurozone, Chapters 9 and 10
CASE: Schweizer Universalbank, AG (Blackboard)

25 Dec 4 Universal Banks vs Single-Line Banks

CASE: Citigroup (Blackboard)

26 Dec 9 (Last Class) Other Issues in Global Banking

Final Exam date to be announced