

FinTech: Consumer Financial Services (EMBA: B7255)

Spring 2021, Full term

Class meetings: Fridays/Saturdays as per schedule
All sessions will be virtual

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Introduction and course goals

Technological innovation has been transforming the financial services industry, and further disruption in the near future is almost a certainty. Financial Technology (“FinTech”) start-ups are tackling many realms of consumer financial services, including mobile payments, foreign exchange, marketplace (peer-to-peer) lending, saving and investing, financial advice (robo-advisers), and property/casualty, health, and life insurance.

The goal of this course is to understand the economic and technological forces driving this change and to learn how to harness them in a responsible way. The curriculum is organized by product areas within consumer financial services: i) payments, ii) consumer credit, iii) saving/wealth management, and iv) insurance. For each area, we'll cover the underlying economics, the technology, the public policy issues, the competition, and the potential for collaboration between start-ups and incumbents. Our focus will be on innovation, both through start-ups and at existing firms.

Note that we will not cover in depth the topics of cryptocurrencies and blockchain - if these are your primary interests, there are other courses focusing specifically on these topics.

This course is designed to be interactive, and is aimed to deepen your understanding of the economics of FinTech and encourage your creative and entrepreneurial spirit. A key component of the course is a collaborative team student project: each team will propose and develop over the semester a prototype for a new venture (see details below).

In addition to the project, the course will include cases, lectures, class discussions, and guest speakers, designed to teach you economic principles and put you in the shoes of

managers, entrepreneurs, and decision-makers addressing challenges facing the industry.

Who should take this course?

If you want to better understand how and why tech start-ups are transforming consumer financial services and think creatively about a problem and how to solve it, this course is for you. In terms of careers, this course would be beneficial to those of you working or planning to work for i) an incumbent financial services firm, including those in retail banking, payments, asset management, and insurance, ii) a FinTech firm (an existing one or maybe starting your own venture, either now or later), iii) a VC firm, or iv) a consulting, investment banking, or private equity firm, where you need to understand and value companies that provide financial services to consumers. The course will also be helpful to those of you interested in identifying, launching, and managing innovative ventures in related industries.

FinTech at Columbia

Given Columbia Business School's strength in finance and economics and our location in the financial capital of the world (sorry, London!), our school's potential to be a leader in FinTech is undeniable. This class is one of a set of courses and programs being developed in this area. It is also part of the school's entrepreneurship offerings.

Course structure, deliverables, grading, and pre-requisites

The course will include a course project, lectures, class discussions, guest speakers, case analysis, and short assignments. It will be highly interactive, and you are expected and encouraged to take part in class discussions. For spring 2021, all sessions will be held virtually. I'll do my best to make things lively and active, and with your help I hope to keep Zoom fatigue to a minimum.

Course Project

You will work in teams of 3-4 students on the course project. Each team will choose a particular consumer financial service, in one of the areas of: i) payments, ii) consumer credit, iii) saving/wealth management, and iv) insurance. Your team will perform an analysis of the current landscape, underlying economics, and scope for innovation in your chosen industry. You will then propose, explore, and develop (at least on paper) your own idea for a new FinTech venture.

Each team will present to the class twice during the semester. The first will be a brief progress report around mid-semester. The second will be a final presentation during one of the last two classes of the semester. One or two "judges" from NYC venture capital firms will be there for the final presentations to listen and provide team feedback. In addition to turning in your team's PowerPoint deck, each of you will write a brief (2-3 page) individual write-up of lessons learned.

Guest speakers

We will have a number of sessions with outside experts, including venture capitalists, founders of early-stage start-ups, and seasoned executives in financial services. I hope

to be able to take advantage of our virtual format to bring in guests from other parts of the U.S. and other countries. Many of these sessions will be interactive ones, sometimes in the form of a mock meeting where you are playing the roles of people working in the firm. The course calendar will include additional details.

Culture

This course will be taught fully virtually. We'll adhere to Columbia Core Culture, modified for remote learning. I'll expect you to be present (virtually), prepared, and actively participating in class, and I of course pledge the same. If for some reason you need to miss class, please let me or the TAs know in advance via e-mail. Please use a computer or tablet for joining the class, rather than a phone. Additional protocols will be described before class starts.

Class participation

The class will be interactive, and class participation is part of the grade for the course. Please be sure that your screen name is the one that you want to be addressed by, and expect (friendly) cold calling. We will use Poll Everywhere or similar technology for classroom responses and class discussion, and also to help keep track of attendance.

Cases, readings, and assignments

Cases, readings, and other assignments will be posted on Canvas. There will be regular weekly written assignments. Some of these will be done individually and others by your team.

Course materials

There is no textbook. Class notes will be distributed during each class and then posted on Canvas.

Course grading

Grades will be based on short assignments, class participation, and a final project, as follows:

Weights for grading		
Short assignments and cases		40 %
Class participation		20 %
Final project		
- Group presentation / slide deck	25 %	
- Individual lessons learned	10 %	
- Peer assessments	5 %	
		40 %

Office hours

I'll hold office hours via Zoom. Please just drop me a note via email and we'll find a convenient time to meet. I'll also be setting up some check-in times with each group -

this seems especially important since our class will be virtual.

Teaching assistants

There will be two TAs for the course (these two will also be helping with an MBA section of the course that I'll also be teaching this spring). At least one of the TAs will be attending class on any day, and their contact information will be posted in Canvas. You can contact the TA(s) with questions related to readings, assignments, calendar, etc.

Course pre-requisite / co-requisite

There are no pre-requisites for the course other than the core economics and finance classes.

FAQs

Q: How does this course relate to the other course you teach (together with Prof. Eric Johnson): B8744: The Psychology and Economics of Consumer Finance (PECF)?

A: Both courses relate to consumer financial services, but they focus on different areas. PECF uses the tools of behavioral economics to understand consumer behavior and the consumer financial services industry. It is an interdisciplinary course that spans marketing, economics, and finance. It's taught as a block week (January 3-7, 2021) and is open to both MBA and EMBA students. In PECF, we do spend some time on FinTech innovation, but that is not its primary focus. In contrast, the course herein (FT-CFS) focuses on start-ups, allows you to dig deep on a de-novo project, and teaches the tools to help you explore creating a new venture. There is some overlap between the two courses. If you have a general interest in the area, you might want to pick just one of these courses. But if you're passionate about the topics covered and don't mind seeing some of the material a second time, feel free to take them both.

Q: I am an EMBA student – can I enroll in your MBA section of this course (B8255)?

A: I'll be teaching two sections of this course in Spring 2021 – one primarily for EMBA students (B7255) and one primarily for MBA students (B8255). We do allow some EMBA students to join the MBA section and vice versa, and some seats are being held for those purposes. So feel free to join the MBA section if that works better.

Q: I am an MBA student – can I enroll in the EMBA section of this course (B7255)?

A: Yes, see the previous answer.

I look forward to a fun and productive semester with you!