Immersion Seminar: Creative Destruction in the Financial Services Industry  
(B7430 EMBA)

December 16-20, 2019

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This one week immersion seminar provides a broad-based understanding of the financial services industry and considers fundamental questions about its future. Although those perspectives are based upon global and historical understanding, we take advantage of our New York City location by focusing on particular aspects of today’s New York financial institutions.

Financial services is an industry in the midst of dynamic change at all levels. Structure and performance are presently being influenced deeply by public policy and regulatory changes. The future is promising significant disruption (creative destruction), especially in the context of new technological applications and demographic shifts that will change the ways that financial services are delivered. Declines in average returns (from over 20% in the early 2000s) are applying competitive pressure that will hasten the transformation of the industry. A robust financial sector remains at the heart of the U.S. economy, and all other successful developed and developing economies. This course will define today’s influences with an emphasis on the opportunities and perils that lie ahead. The course takes the form of an interactive dialogue, which combines academic analysis with practitioner perspectives about current operation, trends, and changes afoot. Practitioners will visit our class, and we will make site visits to their firms. There will be two or three interactions per day with practitioners. The class is limited to 30 students to facilitate our daily mobility.

Some of the questions we will consider include:
1. What are the key segments of the industry and how do the firms operating in those segments create value for customers and make money (yesterday, today, and in the future)?
2. Who are the customers, what do they need and how is this changing?
3. Which lines of business are synergistic, and what is the appropriate mix of services for different firms to provide to different customers?
4. How has recent regulation reshaped the industry, and how will it continue to do so?
5. How is technological change transforming the industry (e.g., FinTech)?
6. How do the competitive strategies of disrupters and incumbents differ?
7. What is New York City’s relevance to the local and global financial services industry?

Grading will consist of class participation (50%) and a final group project (50%). Groups will consist of three people, determined by the students. Students who wish to complete the project on their own rather than as part of a group are permitted to do so. Group project details will be posted when the class commences.
There are no required readings for the class. Students will have a CapitalIQ account with which to access data about companies.

Melina Robbana, Program Director of the Program for Financial Studies, will serve as the class TA. Her contact information is: md2953@gsb.columbia.edu, (212) 851-9473, office located in Uris 2M-8. She will also be organizing the site visits and class visitors and can answer course questions for you.

Professor Calomiris is available to meet with you by appointment.

Attendance is mandatory, and students are expected to treat the class as they would a job (i.e., as business professionals, demonstrating mutual respect for one another, and performing assignments with the appropriate sense of responsibility). That means that students are expected to arrive on time, well prepared to discuss the topics at hand, and ready to engage in lively discussions. Tablets and computers may be used in class only for accessing class materials or taking notes. Tablets and computers may not be used at any site visits. Cellphones must be turned off during class and during site visits. Students will have time to check their emails during breaks.

Dress code: Given the visitors and site visits, students are expected to dress in business attire, except for the first day of class, where smart casual attire is appropriate.

No auditors are permitted for this class.

Suggested Background Readings

C. Calomiris and D. Nissim, “Crisis-Related Shifts in the Market Valuation of Banking Activities.”
G. Huberman, J. Leshno and C. Moallerni, “Monopoly without a Monopolist: An Economic Analysis of the Bitcoin Payment System.”
J. Hughes, J. Jagtiani and L. Mester, “Is Bigger Necessarily Better in Community Banking?”