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. Some the cases we’ll cover include i) Ant Financial/Alipay, ii) Western Union/Wise/Remitly, iii) CommonBond, iv) Tala, and v) Lemonade, and we’ll investigate other firms including those in the areas of i) BNPL (Affirm/Klarna/Afterpay), ii) Neo-banks (Chime / NuBank / and more), iii) Investing / robo-advisors / trading (including Betterment, Wealthfront, M1 finance, and Robinhood). We’ll also look at some of brand-new innovators in these spaces.

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
A 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, i) 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 offered (and in development) 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 2022, all sessions will be held in person. I’ll do my best to make things lively and active, and I look forward to learning from all of you as well.

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. Some of these may be live while others will be virtual (allowing us 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**
We’ll of course adhere to Columbia Core Culture. I’ll expect you to be present, 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.

**Class participation**
The class will be interactive, and class participation is part of the grade for the course. 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 posted on Canvas prior to class to enable you to download them to your i-pad.

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

<table>
<thead>
<tr>
<th>Weights for grading</th>
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<tbody>
<tr>
<td>Short assignments and cases</td>
<td>40 %</td>
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<tr>
<td>Class participation</td>
<td>20 %</td>
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<tr>
<td>Final project</td>
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<tr>
<td>- Group presentation / slide deck</td>
<td>25 %</td>
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<tr>
<td>- Individual lessons learned</td>
<td>10 %</td>
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<tr>
<td>- Peer assessments</td>
<td>5 %</td>
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**Office hours**
I’ll hold office hours both in person and via Zoom. Regular times will be posted in
Canvas, or 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 to discuss progress on your project.

**Teaching assistants**
There will be two TAs for the course (these two will also be helping with an EMBA 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 18-22, 2022) 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 MBA student – can I enroll in your EMBA section of this course (B7255)?

**A:** I’ll be teaching two sections of this course in Spring 2022 – one primarily for MBA students (B8255) and one primarily for EMBA students (B7255). We do allow some MBA students to join the EMBA section and vice versa, and some seats are being held for those purposes. So feel free to join the EMBA section if that works better.

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

**A:** Yes, see the previous answer.

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