COURSE OUTLINE

01/02  Tu/Th. Jan. 28/30  Introduction and overview: Major developments shaping global banking and finance  Walter

Overview of the course. Discussion of global trends in commercial and investment banking at the wholesale and retail level from the 1970s through the 2001, with emphasis on the implications for competitive conditions in the industry. Illustration of financial-sector evolution using the Citigroup case, which students should have read in advance.

ASSIGNMENT:  GB, Chapter 1

CASE: Citigroup (in readings packet)

PART 1  GLOBAL WHOLESALE FINANCIAL MARKETS

03/04  Tu/Th Feb. 4/6  Reconfiguration of Global Financial Services  Walter

Evolution of the financial intermediation process in the context of the global competitive environment, technological change and regulatory evolution. Comparisons among players: Large independent investment banks, nationwide retail financial services firms, multi product financial firms, and new firms created by large mergers. Regulatory developments in financial services in the United States and abroad.

ASSIGNMENT: GB, Chapters 6 and 7.

05/06  Tu/Th. Feb. 13/14  Project Financing and Syndicated Lending  Walter
Wholesale lending and project financing, including analysis of a case based on the early stages of financing the new Hong Kong Disneyland Project by JP Morgan Chase.

ASSIGNMENT: GB, Chapters 2 and 3.


07/08 Tu/Th Feb. 18/20 Global Debt Markets Smith

Eurobonds, foreign bonds and euro-denominated fixed-income issues, including swaps and structured transactions.


09/10 Tu/Th Feb. 25/27 Global Equity Markets Smith

Discussion of global flows of funds into equities and international primary equity markets. Discussion of the exchanges and secondary equity markets, including block trading and proprietary trading.

ASSIGNMENT: GB, Chapter 11 and Eurozone, Chapter 4.

CASE: Deutsche Telekom 1 and 2 (in readings packet)

11/12 Tu/Th Mar. 4/6 Global M&A Transactions Smith

Discussion of the flow of corporate advisory services and merger and acquisition activities carried out on a cross-border basis. Discussion of alternative systems of corporate governance and its implication for global capital markets and financial performance. Role of advisers in complex cross-border M&A transactions.

ASSIGNMENT: GB, Chapter 12 and Eurozone, Chapters 5 and 7.

CASE: Olivetti - Telecom Italia (in readings packet)
13 Tue. Mar. 11 Privatizations Walter

Discussion of various aspects of privatization, including valuation, alternative distribution of shares, formation of control groups, and financing of bids.


14 Th. Mar. 13 Mid-Term Examination

15/16 Tu/Th. Mar. 25/27 Institutional Asset Management Smith

The global institutional asset management business, including mutual funds and pension funds.

ASSIGNMENT: *GB*, Chapter 13 and *Eurozone*, Chapter 8.


17/18 Tu/Th. Apr. 1/3 Global Private Banking Walter

Discussion of the global private banking business and the dynamics of competing for high net worth clients.

ASSIGNMENT: *GB*, Chapter 4.

CASE: UBS Private Banking *(in readings packet)*

**PART 2 REGIONAL DIMENSIONS OF GLOBAL BANKING**

19/20 Tu/Th. Apr. 8/10 The United States Competitive Environment Smith

Evolution of the US national market for wholesale financial services, including the success (or lack thereof) of foreign-based firms. Development of the US regulatory environment. Why US firms have grown to dominate the global wholesale markets.

ASSIGNMENT: Roy C. Smith, *Comeback*, Chapter 2, Banking at the Brink *(in readings packet)*
Europe’s New Capital Market  Walter

Macroeconomics of EMU, convergence, industrial restructuring and their implications for the banking and financial services sector. Impact of the euro on the composite financial system of the EU and its links to global capital markets. Assessment of shifts in the banking and securities environment in Europe and the role of universal banking structures on the global competitive playing-field.

ASSIGNMENT: *Eurozone*, Preface and Chapters 1 and 2.

CASE: Allianz AG (*in readings packet*)

Competitive Evolution in Japan’s Financial Markets  Smith


Global Banking and the Emerging Markets  Walter

Asian, African, Eastern European and Latin American emerging markets in the context of global capital flows, emerging financial markets, and competitive opportunities. Purpose and techniques of country risk assessment, including tracking of country exposures, components of country risk. Applications of country risk in a portfolio context. Pricing country risk and financing emerging market transactions.

ASSIGNMENT:  GB, Chapter 5.
CASE: ICICI (*in readings packet*)

PART 3 STRATEGIC AND MANAGEMENT CHALLENGES

Understanding Strategic Challenges  Smith & Walter
Getting the right strategy, and then getting the strategy right. Analysis of techniques for strategic positioning and how they can be applied. Strategic execution and management of change in one of the most competitive segments of the global financial services industry. Discussion of some of the principal issues encountered in strategic implementation. Integrative case discussion of a major Swiss bank undertaking a strategic redirection in the 1980s and 1990s.

ASSIGNMENT: GB, Chapter 14 and Eurozone, Chapters 9 and 10

CASES: JP Morgan Chase & Co. (in readings packet)

Final Examination