

FIN-419

**Ethical behavior in the financial industry**

Nahas Aziz

<b>Cursus</b>	<b>Sem.</b>	<b>Type</b>
Financial engineering	MA1, MA3	Obl.

Language of teaching	English
Credits	2
Session	Winter
Semester	Fall
Exam	During the semester
Workload	60h
Weeks	14
<b>Hours</b>	<b>2 weekly</b>
Lecture	1.5 weekly
<b>Number of positions</b>	

**Remark**

Special schedule : see <https://go.epfl.ch/fe>

**Summary**

We will focus on ethical dilemmas facing professionals in the financial industry. Cases based on real events will illustrate various kinds of transgressions. We will then study what regulators and firms have put in place to mitigate these issues and propose some guiding principles for individuals.

**Content**

Most notorious examples of financial crime  
 Different kinds of organisations and functions within the financial industry  
 Role of the main regulators in the financial industry  
 Specific kinds of transgressions with real case studies  
 How to remain alert and avoid such transgressions

**Keywords**

financial fraud - financial crime- insider trading - tax evasion - market manipulation - market abuse - accounting fraud - money laundering - Maddoff - hedge funds - investment banking - cryptocurrency - hedge funds - private equity - embezzlement - ponzi scheme - pyramid scheme - tax havens - panama papers - cyber crime

**Learning Prerequisites****Important concepts to start the course**

Basic understanding of interest rates, equities and derivatives markets.  
 Basic understanding of macrofinance.

**Learning Outcomes**

By the end of the course, the student must be able to:

- Justify why laws are insufficient in curbing most questionable behaviours
- Differentiate the main ethical transgressions
- Infer why this industry is prone to a large number of scandals
- Elaborate on a few recent real case studies illustrating these transgressions
- Interpret what regulators and organisations have put in place to prevent financial crimes

- Assess / Evaluate what in the culture of an organisation can lead to moral failures
- Produce a detailed analysis of at least one real case study
- Propose a set of rules that could have prevented the problem from happening
- Design a compliance framework for a specific type of activity that can minimise financial crime

### Transversal skills

- Access and evaluate appropriate sources of information.
- Make an oral presentation.
- Demonstrate the capacity for critical thinking

### Teaching methods

Lectures  
Projects  
Exercises

### Expected student activities

Attendance at lectures  
Work on a project  
Oral presentation

### Assessment methods

Exam: 50%  
Project and presentation of the project: 50%

### Resources

#### Virtual desktop infrastructure (VDI)

No

### Bibliography

"No one would listen" by Harry Markopolos  
"Black Edge" by Sheelah Kolhatkar  
"The Big Short" by Michael Lewis  
"Debt: The first 5000 years" by David Graeber.  
"The Panama Papers" by F. Obermaier, B. Obermayer  
"Groundwork of the Metaphysic of Morals" by Immanuel Kant  
"Ethics" by Baruch Spinoza

### Ressources en bibliothèque

- [Black Edge / Kolkhatkar](#)
- [Ethics / Spinoza](#)
- [Groundwork of the Metaphysic of Morals / Kant](#)
- [No one would listen / Markopolos](#)
- [The Big Short / Michael Lewis](#)
- [The Panama Papers / Obermaier](#)
- [Debt / Graeber](#)

### Moodle Link

- <https://go.epfl.ch/FIN-419>

