

# FIN3200 Ethics in Finance

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## Code

FIN3200

## Title

Ethics in Finance

## Prerequisites

FIN3121, FIN3101

## Credits

2

## Description

"This course focuses on ethical issues in the area of finance and the recent developments in the area of professional ethics. The students will gain the knowledge on moral decision-making and will be exposed to the situations where they will be required to make ethical decisions. The topics include discussions of the nature of ethical and unethical behavior, ethical theory, rules of the code of conduct, as well as legal and regulatory obligations of finance professionals in an ethical framework. The course is strictly practice-oriented, although it covers various theoretical issues of ethical decision-making. The course is based on the guidance provided by the CFA Institute in understanding the interconnectedness of the inspirational and practical principles and provisions of the CFA Code of Ethics and Standards of Professional Conduct (Code and Standards). Following the suggestions in the recent academic literature in ethics education, I use case studies approach in teaching the course. Using case studies, the students will practice to determine the ethical dilemmas in various situations, identify possible signs of fraudulent behavior and red flags, analyze people's behavior and the underlying reasoning of fraudulent actions. Although studying ethics inevitably involves focus on fraudulent activities, the course expands beyond studying fraud into a wider concept of ethical behavior. Students will be trained to make proper decisions from the point of view of ethics. In addition, the course aims at the development of students' soft skills that they will need in their professional careers. They will practice writing memos, making presentations, participating in discussions, etc.

## Outcomes

"By the end of the course, students will be: able to identify ethical dilemmas in the work of financial institutions; able to identify the red flags in behavior of possible fraudsters; able to use the CFA standards of ethical behavior when performing their professional duties; able to make proper decisions under the conditions of existence of ethical dilemmas; know what actions should be undertaken when fraudulent activities are discovered; arrange proper framework within a company in order to ensure ethical environment and prevent frauds;

## Assessment

60 % -first and second assessments

40 % -final assessment

## Tentative course outline

### Week1

"By the end of the course, students will be: able to identify ethical dilemmas in the work of financial institutions; able to identify the red flags in behavior of possible fraudsters; able to use the CFA standards of ethical behavior when performing their professional duties; able to make proper decisions under the conditions of existence of ethical dilemmas; know what actions should be undertaken when fraudulent activities are discovered; arrange proper framework within a company in order to ensure ethical environment and prevent frauds;

### Week2

Dilemma of the day: what to do with the found money?

### Week3

Economic Fraud Effects on Economics.

### Week4

Values and Ethical Dilemmas.

### Week5

Values, Ethical Dilemmas and Decision-Making. Ethical theories. Virtue Ethics, Absolutism vs. Relativism, Deontology and Teleology, Contemporary Virtue Ethics

### Week6

Cognitive process and ethical decision-making in finance.

### Week7

Fraud triangle

### Week8

An ethical decision-making process

### Week9

Red flags in Behavior. Red flags in financial statements.

**Week10**

Assets Mismanagement.

**Week11**

Basics of Internal Control Management. Segregation of Duties.

**Week12**

Frauds on Assets Mismanagement. Cash mismanagement

**Week13**

Introduction to the CFA Code of Ethics

**Week14**

SEC regulation

**Week15**

Corporate social responsibility. Michael Porter on Social Responsibility of Businesses. Shared Value. Sustainability reporting. Triple-bottom line accounting