

## **ESG -FINANCE & FINTECH**

### **Justification**

The general objective of this subject is to provide students with up-to-date knowledge about how the Financial System can help in achieving the Sustainable Development Goals, allowing them to properly analyze its structures and products, and the impact they have in the wider society and our planet.

As the 2007-08 financial crash showed, the malfunctioning of the financial system may have protracted and deep consequences. Students will have a thorough understanding of ESG Finance (*Environmental, Social and Governance*) and how this market trend can alleviate our global problems and help us to deal with the upcoming crises.

This subject is taught in English.

### **Pre-requirements**

None.

### **Competences and skills**

This subject deals with specific competence MC2 - "Financial resource managers", defined as follows: "Diagnosing, planning and monitoring the economic and financial situation of business projects and optimizing investment and finance related decisions".

Within this competence, the specific skill is defined as: Understanding the ESG context in financial asset management.

It will also work on generic competences MC12.4 - "Systemic Thinking" and MC12.5 - "Practical Thinking". The former allows to organize and integrate interconnected components into a whole; the latter allows to select the best course of action given the available information and the existing constraints, delivering the objectives efficiently and effectively.

## Contents

1. Socially Responsible Investing
  - International reports and organizations
  - CSR practices
  - SRI strategies
  - Information sources
2. Performance of financial instruments
  - Funds, Indices, Stocks and Bonds
3. Ethical perspective in finances: conceptual approach
  - Networks, reporting, lobbying
  - Ethical aspects on the European debate about Taxonomy
  - Risk vs. Impact Appetite Framework
4. The role of the circular economy.
  - Environmental impact of organizations
  - Industrial Ecology and circular economy
  - Environmental management
5. Fintech:
  - Trends and new platform business models
  - Traditional payment methods: bank cards, networks of means of payment
  - New payment methods: EMV Contactless, NFC, Mobile payment, wearables of payment
  - Self-sovereign Identity, Digital Identity applied to Fintech and its link with KYC and AML
  - Bitcoin and cryptocurrencies
  - Blockchain, fundamentals.
  - Decentralized Finance
  - Token Economy

## Learning strategy

The learning methodology will be based on the Deusto model (MAUD), which uses contextualization, reflexive observation, conceptualization, active experimentation and evaluation.

- There will be two 1-hour lectures per week, to be conducted remotely.
- It will use different resources (for instance, videos, official documents...)

- There will be case solving and debates during some of the lectures.
- Individual and group meetings with the professor to solve doubts.

## Evaluation system

The evaluation of the subject will be carried out through five components:

- A group assignment on the financial system, and its likely future. 30% of the final mark.
- A group assignment on current topics of sustainable finance. 30% of the final mark.
- A group assignment on ethical banks. 15% of the final mark.
- A group assignment on circular economy. 15% of the final mark.

All these assignments will evaluate both the specific skill and one of the generic skills.

- 10% of the mark will be allocated to class participation

- IMPORTANT: The grade of the course will have to be over 5 (out of 10) to get a pass. Besides, no assignment can have a mark below 4 (out of 10), otherwise the whole course will get a fail.

## References

During the course both official and other reliable internet sources will be used, together with academic research on the topic. Among others, students will use the following:

- BIS (2020): *The Green Swan. Central Banking and Financial Stability in the age of Climate Change*, Bank of International Settlements, Basel, Switzerland.
- CARNEY, M. (2015): Breaking the tragedy of the Horizon. Climate change and financial stability, speech at Lloyd's of London, Bank of England, London, UK. Video.
- CASSIS, Y. (2011): *The shaping of Modern Finance*, Oxford University Press, New York, USA.
- LARREINA, M. (2018): "Overcoming Recklessness in Finance and the Urgent Need for Strengthening Ethics", *Revista Portuguesa de Filosofia*, 74 (2-3), pp. 409-450.
- BADÍA, G., CORTEZ, M. C., & FERRUZ, L. (2020). Socially responsible investing worldwide: Do markets value corporate social responsibility? *Corporate Social Responsibility and Environmental Management*, 1–14. *In press*.
- <http://www.gsi-alliance.org/>
- <http://www.eurosif.org/our-network/gsia/>
- Zero to One: Notes on Startups, or How to Build the Future by Peter Thiel with Blake Masters. The Four Steps to the Epiphany by Steve Blank
- <https://www.ftpartners.com/fintech-research>

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University of Deusto  
International Relations Office - [iro@deusto.es](mailto:iro@deusto.es)

