Introduction

Over the past decade, technological innovation has transformed the financial services industry at an accelerated pace, and further disruption in the near future is almost a certainty. The new generation of Financial Technology (“FinTech”) start-ups is tackling many realms of consumer financial services, including mobile payments, cryptocurrencies, foreign exchange, marketplace (online) lending, saving and investing, financial advice (robo-advisers), and health and life insurance.

Our goal in 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, focusing on those that are most active and most prone to innovation through start-ups: i) payments, ii) consumer credit, iii) wealth management, and iv) insurance. For each area, we will focus on the underlying economics, the technology, the public policy issues, the competition, and the potential for collaboration between start-ups and the incumbents. We will also cover various methods and techniques for idea validation, lean user research, iterative and rapid prototyping, and user testing as applicable to new idea development and deployment.

We have designed this course to be interactive. We want to deepen your understanding of the economics of FinTech and also encourage your creative and entrepreneurial spirit. A key component of the course is a collaborative team student project: each team will either propose and develop a prototype for a new venture or analyze an existing early-stage venture. At the end of the semester, each team will present its project to the class.
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. We will also introduce you to various tool-sets that you will need for your project, including design thinking, design studio, and sprint methodologies and rapid prototyping.

Who should take this course?
If you want to better understand how and why tech start-ups are transforming consumer financial services, think creatively about a problem, and learn some of the tools of design, prototyping, and product launch, this course is for you. In terms of careers, this course would be beneficial to those of you planning to work for i) a FinTech venture (now or later in your career), ii) an existing financial services firm, including those in asset management, banking, and insurance, iii) a Venture Capital ("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 potential in being a leader in FinTech is undeniable. This class is one of a set of courses and programs being developed in this area. The course faculty have been advising and working with the FinTech student club to support and help build student-centric programs and connect with students across the Columbia campus interested in FinTech.

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.

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) 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, and then focus on a specific FinTech venture. This venture can be: i) an idea that your team began developing prior to the course, ii) a new idea that your team wishes to explore, perhaps to see if it might lead to a viable start-up for you or others to pursue, or iii) an existing early-stage startup that you are not directly involved with but wish to analyze.

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. 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. Many of these sessions will be interactive ones, often in the form of a mock meeting where you are playing the roles of people working in the firm. In prior years (see our other related course) we’ve had some great speakers and our students have told us that the sessions with our guests were one of the highlights of the course. The course calendar will include additional details.

**Culture**
This course adheres to Columbia Core Culture and has very high conduct standards. We expect you to be present, prepared, and actively participating in class, and of course we pledge the same. If for some reason you need to miss class, please let us know in advance via e-mail. There should be no electronic devices used during class time unless we specifically request that you use them.

**Cases, readings, and assignments**
We will use some cases during the course. You should read these and be prepared for class discussion ahead of time. We will use our “cold caller” app to choose some random names to start the case analysis.

**Course materials**
We will be posting current articles during the semester that we will discuss in class. Class notes will be distributed during each class and then posted to Canvas.

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

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<thead>
<tr>
<th>Weights for grading</th>
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<tbody>
<tr>
<td>Short assignments</td>
<td>20 %</td>
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<tr>
<td>Class participation</td>
<td>30 %</td>
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<tr>
<td>Final project</td>
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<tr>
<td>- Group presentation / slide deck</td>
<td>30 %</td>
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<tr>
<td>- Individual lessons learned</td>
<td>10 %</td>
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| - Peer assessments  | 10 %  | 50 %

**Office hours**
Prof. Farrokhnia: Wednesdays, 7:15 – 8:30 pm, or other times by appointment.
Prof. Zeldes: Tuesdays, 2:30 – 4 pm, or other times by appointment.
Please feel free to reach out to us via email to find another time to meet or with any questions or feedback about the course.

Teaching assistant
There will be a TA for the class, and contact information will be posted in Canvas. You can contact the TA with questions related to readings, assignments, calendar, etc.

Course pre-requisite / co-requisite
Capital Markets and Investments is a co-requisite – it must have been taken either prior to or during the same semester as this course.

FAQs

Q: How does this class differ from the other course the two of you have taught together, i.e. B8495: Entrepreneurship and Innovation in Financial Services (EIFS)?

A: Although this new course (FT-CFS) is similar to EIFS, there are three primary differences: 1) EIFS is part of the Master Class program, and involves internships at actual firms. Enrollment in EIFS is limited and by application only, whereas this current class uses standard bidding procedures; 2) this course focuses at a deeper level on FinTech and consumer financial services and is intended for a broader audience; and, 3) this class will be offered Spring 2017, whereas EIFS will not be taught this academic year.

Q: What about the other course Professor Zeldes teaches (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, and is taught as a block week (January 2017). PECF examines the important role of start-ups, but that is not its primary focus. The course herein (FT-CFS) focuses on start-ups, allows students to dig deep on a de-novo project, and teaches the tools to create prototypes for a possible new venture. There is some overlap between the two courses, but feel free to take them both!

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