

TEACHING GUIDE

**COURSE DESCRIPTION**

| <b>Course Information</b>    |   |
|------------------------------|---|
| Full name                    | Fintech and Banking Disintermediation   |
| Code                         | 0000012212  |
| Degree                       | Master in Finance   |
| Taught in                    | Advantere School of Management  |
| Level                        | Postgraduate Official Master's Degree   |
| Term                         | Second Quarter  |
| Credits                      | 4,0 ECTS  |
| Type                         | Mandatory   |
| Person in charge             | Marta Echarri   |
| Office hours                 | Continuous availability via email   |
| <b>Professor Information</b> |   |
| <b>Professor</b>             |   |
| Name                         | Marta Echarri   |
| CV                           | <a href="https://www.linkedin.com/in/marta-echarri-75024266/?originalSubdomain=es">https://www.linkedin.com/in/marta-echarri-75024266/?originalSubdomain=es</a> |
| Department                   | Financial Management Department   |
| Area                         | Banking   |
| Email                        | <a href="mailto:marta.echarri@gmail.com">marta.echarri@gmail.com</a> ; <a href="mailto:marta.echarri@n26.com">marta.echarri@n26.com</a>                         |
| Telephone                    | Tbd   |
| Office hours                 | Continuous availability via email   |

## SPECIFIC COURSE INFORMATION

### Course contextualization

#### Contribution to the professional profile of the degree

The startup community is developing new "Fintech" applications that are drastically changing the way financial services and products are offered and distributed, not only by banks or insurers, but also in asset management, financial advisory, etc. There are currently more than 200 Fintech companies valued at more than one billion dollars each, the so-called "Unicorns", and global investors invest significant amounts of capital in new companies every year. There are new financial applications that will lead to a revolution in finance, where there will be no need for physical branches, investment advisors or even physical money itself.

All of this is likely to result in a more gradual adoption and integration of innovative technology and mobile applications into the existing financial system, with large financial institutions not disappearing, but adopting and integrating new technology in three different ways: by partnering with new companies, acquiring some of them and also through internal development.

This course will focus on the so-called "Fintech Revolution" that is transforming traditional banking and financial services. Fintech generally refers to disruptive innovations in the financial sector that involve technology-enabled business models (online and mobile-based). Fintechs can facilitate disintermediation, create and offer novel products and services, increase access and inclusion, reduce costs, and create and address privacy, regulatory and law enforcement challenges. Fintech can also refer to the increasingly technology-driven approaches that both incumbents and entrepreneurial firms adopt for core financial intermediation functions, e.g., maturity transformation, payments, capital raising and remittances, and for the "back-end" covering the data systems and regulatory compliance

### Objectives

1. Master the key concepts of the Fintech ecosystem, the digitalization of the financial products and services they provide and their processes, the pillars of their business model, the threat to the traditional financial system and its regulation.
2. To understand the different valuation models for these types of companies; private markets vs. public markets vs. SPACs.
3. Understand the role that artificial intelligence, marketing and human resources units play in the development and success of the business model.

## THEMES AND CONTENT

|   |
|---|
| <b>Contents-Themes</b>  |
| <b>MODULE 1: The new Fintech ecosystem, business and valuation models</b>   |
| <b>Topic 1: Fintech Ecosystem</b>   |
| 1.1 A new financial ecosystem and the future of banking.  |
| <b>Topic 2: Business Models</b>   |
| 2.1 Hypergrowth. Traditional vs. incumbents.<br>2.2 Business Model Canvas Business Model Exercise.<br>2.3 Buy Now Pay Later (BNPL) e Installment Loans.<br>2.4 Fintech cases: NuBank, Revolut, Klarna and N26.  |
| <b>Topic 3: Valuation Methods</b>   |
| 3.1 Traditional vs. customer-based models<br>3.2 Private markets: Venture capital funds as enablers of today's ecosystem, EPPs.<br>3.3 Public markets: The shift towards the IPO<br>3.4 SPACs as a new way to go public.<br>3.5 Support areas   |
| <b>MODULE 2: Marketing, data science and talent management</b>  |
| <b>Topic 4: Marketing in the digital era</b>  |
| 4.1 Customer segmentation and customer journey.<br>4.2 Operating models: Customer Acquisition Cost (CAC) and Lifetime Value (LTV).<br>4.3 New channels: performance (paid social, paid search, affiliate, SEO & SEM), Social Media & Content, Lifecycle (CRM) vs. traditional channels.<br>4.4 Martech (marketing campaign planning, execution and measurement) & multi-touch attribution<br>4.5 Campaign creation.   |
| <b>Topic 5: Data analysis and process disruption</b>  |
| 5.1 What cannot be measured does not exist.<br>5.2 Scorecards and attribution results.<br>5.3 Know your Client (KYC), the use of Artificial Intelligence and the Cloud.   |
| <b>Topic 6: Talent management, user experience and regulation in the Fintech environment</b>  |
| 6.1 Talent mix: traditional banking personnel vs. new talent needs. Bank tellers vs. back and front-end engineers.<br>6.2 Leadership models. Action readiness, data orientation, adaptability to change, communication, teamwork, agile environment, entrepreneurial mindset, flexibility, trust, diversity.<br>6.3 Career readiness workshop<br>6.4 Regulation in Fintech.<br>a) Neo-banks vs. E-money.<br>b) Entry barriers for big technologies<br>c) Prevention of financial crimes in the new era: AML, TF, Fraud, Bribery and Corruption<br>d) Use of Artificial Intelligence<br>e) Cyber<br>f) Sandbox |

## Competences – Objectives

### General Competences

CG.1 Project-based learning: Ability to develop and execute in its different phases collective financial projects based on real situations, proposing real solutions and making efficient all interactions with the team, clients and any other participant.

RA1 - Ability to engage in the development of experimental collective projects based on the real world, managing and aligning the client's needs with the available resources, optimally distributing the work, communicating and projecting its different phases, providing real solutions and making all interactions with the team, clients and other stakeholders efficient.

CG.3 Teamwork: Apply techniques and methodologies that promote teamwork and mutual collaboration in talent management projects to be carried out with companies and organizations.

RA1 - Be committed and cooperate in the roles defined for the achievement of the goals related to the defined and assigned tasks, activities, projects and responsibilities.

CG.8 Entrepreneurship: Exhibit initiative, creativity and entrepreneurship in the application of finance strategies and practices.

RA1 - Develop students' ability to generate original processes, ideas and projects through divergent thinking and the application of models and techniques already learned, evaluating and making efficient use of available resources.

CG.9 Digital competence: Employ, take advantage of and use, in an efficient and safe manner, the technological and digital resources applied in the financial management of organizations.

RA1 - Be able to critically, creatively and safely use information and communication technologies in financial management in organizations, using applications and taking advantage of Internet resources.

### Specific Competences

CE 05 In-depth knowledge of new business activities within the financial sector, as well as value generation processes based on new technologies and their impact on the current and future financial ecosystem.

RA3. Understand the regulation impacting fintech and the role of digitalization as an element of innovation and paradigm shifter in the financial industry and know how to use it in concrete projects that increase the added value of a process.

RA6. Development of digital banking business and services. Analysis of the digital solutions of some banks, as well as banking business models based on digital platforms.

CE 08 In-depth knowledge of the operation and management systems of credit institutions within the current financial paradigm, as well as other alternative sources of financing, the different bank and non-bank credit products and solutions offered by the financing markets to different financing projects.

RA1. Understand and know how to negotiate and manage with a bank the credit and liquidity needs of a business project, understanding the keys of the bank's internal mechanisms - treasury, risk and commercial management - to be successful in the credit application.

RA3. Know and differentiate between wholesale and retail products, as well as those focused on private banking and investment banking

## SUMMARY OF STUDENT WORK HOURS

| PRESENTIAL HOURS                         |  |  |                            |                   |  |
|--|--|--|----------------------------|-------------------|--|
| Professor Exposition                     | Student exhibition. Debates and group dynamics | Exercises and problem solving. Elaboration of applied work | Analysis and documentation | Tutorial sessions | Development of real projects for organizations |
| 6.5                                      | 12.5   | 16.5   | 0                          | 2.5               | 2  |
| NON-PRESENTIAL HOURS                     |  |  |                            |                   |  |
| Professor Exposition                     | Student exhibition. Debates and group dynamics | Exercises and problem solving. Elaboration of applied work | Analysis and documentation | Tutorial sessions | Development of real projects for organizations |
| 0  | 0  | 50   | 25.5                       | 2.5               | 2  |
| <b>ECTS CREDITIS: 4.0 (120.00 hours)</b> |  |  |                            |                   |  |

## EVALUATION AND GRADING CRITERIA

| Graded Activities  | Evaluation Criteria  | % of Total Grade |
|--|--|------------------|
| <p>Assessment of individual or group work carried out by students, some of them presented in class</p>   | <ul style="list-style-type: none"> <li>• Work adequacy to the objectives set</li> <li>• On-time delivery</li> <li>• Goal adequacy and focus</li> <li>• Results achieved</li> <li>• Compliance with deadlines</li> <li>• The participation of ALL members of each team in the presentations and elaborations is required</li> </ul>   | <p>50</p>        |
| <p>Performance of oral and written examinations, public defenses and multiple-choice tests, concept tests and resolution of practical cases as exams</p> | <ul style="list-style-type: none"> <li>• In order to pass the course, the final exams and tests of each section of the course must be passed. If there are several exams in the same section or block of a course, the weighted average of them must be higher than 5.0 as a necessary condition to pass the course.</li> </ul>  | <p>30</p>        |
| <p>Participation and utilization of the classes</p>  | <ul style="list-style-type: none"> <li>• When we talk about participation, it is clear that both the positive and negative ones are counted and that the quality of participation is as important as the quantity. The students' participation in class, the quality and timeliness of their interventions, the quality in the preparation and presentation of their work, predisposition and commitment, initiative, attendance.</li> </ul> | <p>20</p>        |

## Grades

### **The evaluation criteria of the course are governed by the following regulations:**

1. All students must comply with 100% attendance on the days set for this course. Any absence must be justified.
2. The final grade corresponds to the sum of the graded activities, evaluation criteria and % of total grade described in the Evaluation and Grading Criteria section.
3. Individual and group work must be delivered on time and in the manner planned by the course professor.
4. A final mark below 5 implies the completion of an extraordinary test. The final grade in this exam may not be higher than the median of those passed at the time of set exams.

### **The Evaluation Criteria to enroll for a second year:**

The student enrolled in the course for the second year must comply with the individual and group tasks set by the course professor. The same evaluation criteria described in the Evaluation and Grading Criteria section will be maintained.

For those circumstances not foreseen in this Teaching Guide, the Advantere School of Management Regulations and the Comillas General Regulations will apply.

### **Health alert criteria:**

Students must be permanently identified, in class with an identification sign and remotely with their full name. Students should not change the spaces they occupy in the classroom, until a professor or the program management indicates they can do so.

Failure to comply with any of the health recommendations during class sessions may result in failure of the course.

## BIBLIOGRAPHIES AND RESOURCES

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| <b>Basic Bibliographies</b>  |
| <b>Text Books</b>  |
| Luis Diaz del Dedo. "Growth Hacking"; Social Business. 3a edicion.<br>Paolo Sironi "Banks and Fintech on Platform Economies: Contextual and Conscious Banking", 2021 (Wiley Finance Series)<br>Luigi Wewege; Michael Thomsett " The Digital Banking Revolution." De Gruyter; N.º 3 edición (2019)<br>Ignacio Garcia Alves, Philippe de Backer, Juan Gonzalez. Disruption. The future of Banking and Financial Services . LID Publishing (2022) |
| <b>Other readings</b>  |
| NuBank Annual Report and Prospectus<br>5 things we learnt from Monzo's 2022 Annual Report<br>Chris Voss with Tahl Raz. Never split the difference. Random House Business; 1st edition (2017)<br>The 7 Habits of Highly Effective People. Stephen R. Covey.<br>Where we wrong about Neobanks and B2C Finance? Podcast.Se proporcionarán durante el curso en base a noticias y artículos financieros.  |
| <b>Web pages</b>   |
| <b><u><a href="https://www.youtube.com/watch?v=18uDutylDa4">Why we have too few women leaders (Sheryl Sandberg):</a></u></b><br><b><u><a href="https://www.youtube.com/watch?v=18uDutylDa4">https://www.youtube.com/watch?v=18uDutylDa4</a></u></b>  |
| <b><u><a href="http://www.catalyst.org/knowledge/be-inclusive-every-day-0">Be inclusive every day: http://www.catalyst.org/knowledge/be-inclusive-every-day-0</a></u></b>  |
| <b><u><a href="https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace">Women in the workplace 2021 McKinsey:</a></u></b><br><b><u><a href="https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace">https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace</a></u></b>   |
| <b><u><a href="http://mlkrook.org/pdf/Eagly_1992.pdf">Gender and the evaluation of leaders: a meta analysis:</a></u></b><br><b><u><a href="http://mlkrook.org/pdf/Eagly_1992.pdf">http://mlkrook.org/pdf/Eagly_1992.pdf</a></u></b>  |
| <b>Additional Bibliographies</b>   |
| <b>Articles</b>  |
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| <b>Chapters of books</b>   |
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