



## Political Economy of FinTech: When Tech, Money, and Politics Collide

<b>Course code</b>	<i>POL 146</i>
<b>Compulsory in the programmes</b>	<i>N/A</i>
<b>Level of studies</b>	<i>Undergraduate</i>
<b>Number of credits</b>	<i>6 ECTS (48 in-class hours + 2 consultation hrs. + 2 exam hrs. + 108 individual study hrs)</i>
<b>Course coordinator (title and name)</b>	<i>Ghita Chraibi (PhD Candidate) – usx8ns@virginia.edu</i>
<b>Prerequisites</b>	<i>-</i>
<b>Language of instruction</b>	<i>English</i>

### THE AIM OF THE COURSE:

This course explores the intersection of politics, economics, finance, and technology. We delve into the rise and evolution of Financial Technologies (FinTech) and their impact on traditional banking and financial systems. This course is designed to uncover FinTech's implications for global politics/monetary policy, regulatory frameworks, and economic development. Upon examining the fintech ecosystem, the course delves into several fast-evolving sectors, including Fintech payments and crypto-assets. Furthermore, we investigate the role of FinTech in democratizing access to financial services (i.e., financial inclusion), and explore how stakeholders around the world are responding (e.g., from Central Banks' digital currencies to BigTech and global payments companies' investments in FinTech). We also spend time discussing why regulating FinTech is particularly hard and explore examples of innovative regulatory frameworks (e.g., Regulatory Sandbox). Beyond traditional lectures, the course incorporates detailed case studies and collaborative group activities to provide an interactive and rewarding learning experience for students.

### MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS

<b>Course level learning outcomes (objectives)</b>	<b>Learning objectives for BSc in Social Science</b>	<b>Assessment methods</b>	<b>Teaching methods</b>
CLO1. To understand the evolution of Financial Technologies (FinTech) and their impact on traditional banking and financial systems.	ELO1.1.	Attendance and participation; Final Paper	Lectures, readings, discussions and interactive in-class activities
CLO2. To be able to discuss the impactions of FinTech for global politics/monetary policy and regulatory frameworks.	ELO1.2.	Attendance and participation; Final Paper	Lectures, readings, discussions and interactive in-class activities
CLO3. To be able to investigate the role of FinTech in democratizing access to financial services and exploring stakeholders' responses.	ELO2.1.	Group Work (Policy Memo); Final Paper	Lectures, readings, discussions and interactive in-class activities
CL04. To be able - through collaborative group activities and discussions on various topics like Central Banks' digital currencies and BigTech investments in FinTech – to	ELO4.1.	In-class presentation; Group Work (Policy Memo)	Lectures, readings, discussions and interactive in-class



communicate well in various settings (audiences/situations).			activities
CL05. To be able to convey ideas effectively in a written paper, ensuring the good understanding of the complexities of the course topics.	ELO4.3.	Group Work (Policy Memo), Final Paper	Lectures, readings, discussions and interactive in-class activities

**ACADEMIC HONESTY AND INTEGRITY**

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. Regarding remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

**COURSE OUTLINE**

Topic	In-class hours	Readings
<b>1. What is FinTech? Building Blocks – Definitions &amp; Ecosystem Overview:</b> An introduction to the foundational concepts and the overarching landscape of financial technology.	4	Allen 2022, Innes and Andrieu 2022
<b>2. Banks and FinTech Companies: Friends or Foes?</b> An exploration of the evolving relationship between traditional banking institutions and emerging FinTech entities.	4	Basdekis et al. 2022, Neely 2021, Elnahhas 2020
<b>3. FinTech &amp; Payments – Potential for long-run economic growth?</b> Delving into the transformative potential of FinTech in reshaping payment systems and its impact on long-term economic progress.	4	Mbiti and Weil 2011, Allen 2022, Vassallo 2020,
<b>4. The Political Economy of Crypto-Assets and Implications for financial stability and monetary policy:</b> A comprehensive analysis of the political and economic ramifications of cryptocurrency, with a focus on financial stability and monetary policies.	4	Allen 2022, Feyen et al. 2022
<b>5. Can FinTech save a Broken System? – A discussion of the relationship between FinTech and Financial Inclusion:</b> A critical examination of how FinTech can address and potentially rectify systemic financial disparities and promote inclusion.	4	Aron 2018 + Video
<b>6. Why is the Regulation of Financial Innovation particularly hard?</b> A discussion on the unique challenges posed by regulating rapidly evolving financial innovations.	2	No readings
<b>Half of the session will be dedicated to policy memo group work</b>	2	
<b>7. What are Central Bank Digital Currencies (CBDC) and why are they important?</b> An overview of the concept, significance, and potential impact of digital currencies issued by central banks.	4	Atlantic Council's CBDC Tracker, Fed Reserve Report 2022
<b>8. Case Study - China's FinTech explosion and global implications:</b> A deep dive into China's meteoric rise in the FinTech sector and its repercussions on the global stage.	4	Klein 2020, Klein 2021
<b>9. Case Study - India's FinTech Sector:</b> An in-depth look at the growth, challenges, and opportunities within India's burgeoning FinTech industry.	4	Einchengreen et al. 2022, Economist Article 2023
<b>10. Case Study - Brazil's FinTech Sector:</b> An exploration of Brazil's FinTech landscape, highlighting its unique characteristics and potential.	4	NYTimes Article – Sreeharsha 2017, EY Article 2018, FT Article – Pooler 2023



<p><b>11. BigTech and Global Payments' Companies – Responses to / and involvement in FinTech:</b> An analysis of major tech and global payment companies' reactions to, and engagements with, the FinTech revolution.</p>	4	Sutton and Guida 2022 (Politico), Wexler 2023 (WSJ), Yu 2020 (Forbes)
<p><b>12. Implications of FinTech for Global Power Dynamics:</b> A study on how FinTech reshapes international power structures and influences geopolitical strategies.</p>	4	2 Economist Articles
	<b>Total: 48 hours</b>	

**FINAL GRADE COMPOSITION**

Type of assignment	%
<i>Group Components 8%</i>	
<i>Individual Components 92%</i>	
Attendance and participation	35
In-class individual presentation	10
Group-work (Policy Memo)	8
Final paper	45
Course evaluation	2
<b>Total:</b>	<b>100</b>

**DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT**

- In-class presentation:** 10% - Students will deliver a brief presentation, lasting between 5 to 10 minutes, with the presentation date to be finalized by the end of Session 2.
- Group-work – Policy Memo: 8%** - Teams will collaborate to produce a Policy Memo, showcasing their understanding and application of course concepts. We will review the HKS 'How to Write a Policy Memo' guidelines during our class session:  
[https://www.hks.harvard.edu/sites/default/files/Academic%20Dean's%20Office/communications\\_program/workshop-materials/Slides\\_How%20to%20Write%20a%20Policy%20Memo%202\\_14\\_22.pdf](https://www.hks.harvard.edu/sites/default/files/Academic%20Dean's%20Office/communications_program/workshop-materials/Slides_How%20to%20Write%20a%20Policy%20Memo%202_14_22.pdf)
- Final paper: 45%** - A comprehensive essay of around 1000 words on one of three provided prompts; the prompts will be shared halfway through our course.
- Course evaluation: 2%** - Feedback on the course is crucial; ensure you complete the evaluation by the 2nd of March to earn these points.
- Participation will count as 35% of your grade (this includes attendance, asking questions, making comments and being fully engaged during our in-class time)**

**RETAKE POLICY**

If a student receives a failing final grade, they will have the opportunity to take a make-up final exam. However, this exam will encompass the entire course material and will account for 45% of the final grade.

**REQUIRED READINGS**



- There is **NO ASSIGNED TEXTBOOK**. All readings will be provided. If your reading or weblink is missing and let me know the Friday before the week that the reading is assigned, I'll give you an extra 0.5 point (out of a potential 100 for the course).
- If you want semi-textbook-type synthetic readings, try:
  - Hilary J. Allen, *Driverless Finance: Fintech's Impact on Financial Stability* (We'll read some of her work in class)
  - Terri Friedline, *Banking on a Revolution: Why Financial Technology won't Save a Broken System*

### Session 1 (19<sup>th</sup> Feb. 2024): What is FinTech? Building Blocks – Definitions & Ecosystem Overview

- Hilary J. Allen, *Driverless Finance: Fintech's Impact on Financial Stability* (p.8-12)
- Cleo Rose Innes and Jacqueline Andrieu (IFC Discussion Note, Jan 2022) - Banking on FinTech in Emerging Markets > <https://www.ifc.org/content/dam/ifc/doc/mgrt/em-compass-note-109-jan-2022.pdf>

### Session 2 (20<sup>th</sup> Feb. 2024): Banks and FinTech Companies: Friends or Foes?

- **We will dedicate 45min today to “How to write a good paper”**
- FinTech's rapid growth and its effect on the banking sector > <https://link.springer.com/article/10.1007/s42786-022-00045-w>
- The FinTech Revolution in Banking > <https://www.stlouisfed.org/publications/regional-economist/fourth-quarter-2021/fintech-revolution-banking>
- *Optional*: Digital Banking: traditional banks versus fintech providers > <https://fintechmagazine.com/articles/digital-banking-traditional-banks-versus-fintech-providers>
- [Pick 1 or read all three if you are curious 😊] 3 short opinion pieces:
  - Banks and Fintech Companies: Friends or Foes? Pt.1 – The Necessity of an Alliance > <https://waya.media/banks-and-fintech-companies-friends-or-foes-pt-1-the-necessity-of-an-alliance/>
  - Banks and Fintech Companies: Friends or Foes? Pt.2 – Can They Work Together? > <https://waya.media/banks-and-fintech-companies-friends-or-foes-pt-2-can-they-work-together/>
  - Banks and Fintech Companies: Friends or Foes? Pt. 3 – Fawry as a Case Study > <https://waya.media/banks-and-fintech-companies-friends-or-foes-pt-3-fawry-as-a-case-study/>

### Session 3 (21<sup>st</sup> Feb. 2024): FinTech & Payments – Potential for long-run economic growth?

- Hilary J. Allen, *Driverless Finance: Fintech's Impact on Financial Stability* (p.118-126)
- Mbiti and Weil (2011), Mobile Banking: The Impact of M-Pesa in Kenya
- Vassallo (2020), Mobile Payments: The Economic Impact of Today's Financial Payment Tools

### Session 4 (22<sup>nd</sup> Feb. 2024): The Political Economy of Crypto-Assets and Implications for financial stability and monetary policy

- Hilary J. Allen, *Driverless Finance: Fintech's Impact on Financial Stability* (p.89-p.105)
- Feyen, E. H. B., Kawashima, Y., & Mittal, R. (2022). Crypto-Assets Activity around the World: Evolution and Macro-Financial Drivers. World Bank. [<http://hdl.handle.net/10986/37115>](<http://hdl.handle.net/10986/37115>)

### Session 5 (23<sup>rd</sup> Feb. 2024): Can FinTech save a Broken System? – A discussion of the relationship between FinTech and Financial Inclusion

- **We will dedicate some time to a review / questions and resources about the final.**
- Aron (2018), Mobile Money and the Economy: A Review of the Evidence
- Watch the video based on the book “Banking on a Revolution: Why Financial Technology Won't Save a Broken System”, Terri Friedline > <https://youtu.be/dxtUsMNlc60>

### Session 6 (26<sup>th</sup> Feb. 2024): Why is the Regulation of Financial Innovation particularly hard?

- [No readings]
- In-class case studies: Regulatory Sandboxes around the world
- **The second-half of this session (~1.5 hr) will be dedicated to your policy memos – you will be working in groups and I will be giving personalized feedback.**



**Session 7 (27<sup>th</sup> Feb. 2024): What are Central Bank Digital Currencies (CBDC) and why are they important?**

- Spend some time (~30min-1hour) exploring Atlantic Council's CBDC Tracker > <https://www.atlanticcouncil.org/cbdctracker/>
- Money and Payments: The U.S. Dollar in the Age of Digital Transformation (p.13 to p.22) > <https://www.federalreserve.gov/publications/files/money-and-payments-20220120.pdf>
- **We will dedicate 45min today to "How to write a policy memo"**

**Session 8 (28<sup>th</sup> Feb. 2024): Case Study - China's FinTech explosion and global implications**

- China's Digital Payments Revolution > <https://www.brookings.edu/articles/chinas-digital-payments-revolution/>
- China's Payments U-turn Government over Technology <https://www.brookings.edu/articles/chinas-payments-u-turn-government-over-technology/>
- **Some time during class will be dedicated to your group work on the policy memo – I will be there to answer specific questions from the different groups and provide guidance**

**Session 9 (29<sup>th</sup> Feb. 2024): Case Study - India's FinTech Sector**

- Short Economist Article "A Digital Payments Revolution in India"
- Einchengreen et al. (2022) A Central Bank Digital Currency for India? (I will provide the pdf)
- **Policy Memos due today**

**Session 10 (1<sup>st</sup> of March 2024): Case Study - Brazil's FinTech Sector**

- Lessons to be learned from FinTech adoption in Brazil > [https://www.ey.com/en\\_sa/financial-services--emeia-insights/lessons-to-be-learned-from-fintech-adoption-in-brazil](https://www.ey.com/en_sa/financial-services--emeia-insights/lessons-to-be-learned-from-fintech-adoption-in-brazil)
- Brazil counts success with Pix payments tool > <https://www.ft.com/content/e1c7b0e7-4c17-40c4-8e03-16c698674efa?shareType=nongift>
- Goldman Sachs Sees Big Potential for Fintech in Brazil > <https://www.nytimes.com/2017/05/15/business/dealbook/goldman-sachs-sees-big-potential-for-fintech-in-brazil.html>
- **I will provide the prompts for the final paper and address questions, expectations etc.**

**Session 11 (4<sup>th</sup> of March 2024): BigTech and Global Payments' Companies – Responses to / and involvement in FinTech**

- Facebook's crypto project sold after political backlash > <https://www.politico.com/news/2022/01/31/diem-facebook-cryptocurrency-meta-00003871>
- Visa, Mastercard Want a Slice of Africa's Mobile Money > [https://www.wsj.com/finance/visa-mastercard-want-a-slice-of-africas-mobile-money-56e5ad5f?st=5bobl87giqwy7tg&reflink=desktopwebshare\\_permalink](https://www.wsj.com/finance/visa-mastercard-want-a-slice-of-africas-mobile-money-56e5ad5f?st=5bobl87giqwy7tg&reflink=desktopwebshare_permalink)
- Why Visa and Mastercard are Today's Most Exciting FinTech Innovators > <https://www.forbes.com/sites/howardhyu/2020/01/31/why-visa-and-mastercard-are-todays-most-exciting-fintech-innovators/>

**Session 12 (5<sup>th</sup> of March 2024): Implications of FinTech for Global Power Dynamics**

- Short Economist Article "Could digital-payments systems help unseat the dollar?" (I will provide the pdf)
- Short Economist Article "As Payments Systems go digital, they are changing global finance" (I will provide the pdf)
- *Optional* - Short Economist Article "The old Bank/card model is still entrenched in the rich world" (I will provide the pdf)
- **For those who haven't completed the course evaluation, I will provide ~20-30min in class to complete it. In the meantime, I will be answering questions relating to the final paper's prompts.**

**DEGREE LEVEL LEARNING OBJECTIVES**

**Learning objectives for the Bachelor of Business Management**

*Programmes:*

*International Business and Communication,  
Business Management and Marketing, Finance,  
Industrial Technology Management*

<b>Learning Goals</b>	<b>Learning Objectives</b>
Students will be critical thinkers	BLO1.1. Students will be able to understand core concepts and methods in the business disciplines
	BLO1.2. Students will be able to conduct a contextual analysis to identify a problem associated with their discipline, to generate managerial options and propose viable solutions
Students will be socially responsible in their related discipline	BLO2.1. Students will be knowledgeable about ethics and social responsibility
Students will be technology agile	BLO3.1. Students will demonstrate proficiency in common business software packages
	BLO3.2. Students will be able to make decisions using appropriate IT tools
Students will be effective communicators	BLO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations
	BLO4.2. Students will be able to convey their ideas effectively through an oral presentation
	BLO4.3. Students will be able to convey their ideas effectively in a written paper

**Learning objectives for the Bachelor of Social Science**

*Programmes:*

*Economics and Data Analytics,  
Economics and Politics*

<b>Learning Goals</b>	<b>Learning Objectives</b>
Students will be critical thinkers	ELO1.1. Students will be able to understand core concepts and methods in the key economics disciplines
	ELO1.2. Students will be able to identify underlying assumptions and logical consistency of causal statements
Students will have skills to employ economic thought for the common good	ELO2.1. Students will have a keen sense of ethical criteria for practical problem-solving
Students will be technology agile	ELO3.1. Students will demonstrate proficiency in common business software packages
	ELO3.2. Students will be able to make decisions using appropriate IT tools
Students will be effective communicators	ELO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations
	ELO4.2. Students will be able to convey their ideas effectively through an oral presentation
	ELO4.3. Students will be able to convey their ideas effectively in a written paper