

MSc. seminar

Digital disruption in consumer finance

Summer term 2018

Scope

Financial technology (“FinTech”), i.e. the intelligent application of modern technology in the finance sector, has already brought major changes to the retail banking industry and continues to disrupt many of its major services. Our goal in this seminar is to understand the most important disruptive trends, i.e. (i) digital financial wealth management (“robo advice”), (ii) social trading, (iii) crowdfunding, (iv) peer-to-peer lending and (v) digital currencies, as well as their role for shaping the future of consumer finance. We start off by understanding the disruptive nature of the different use cases putting a clear focus on business models rather than technological details. How did things work before the FinTech revolution? Next, we focus on the proposed benefits of the disruptive solutions and critically assess their potential to substitute or complement existing products and services. In doing so, we will survey the market and also consider possible risks of the technology revolution in retail finance.

Introductory readings

- Oehler A., Horn M., Wendt S. 2018. Neue Geschäftsmodelle durch Digitalisierung? Eine Analyse aktueller Entwicklungen bei Finanzdienstleistungen. In: Keuper F., Schomann M., Sikora L., Wassef R. (eds) *Disruption und Transformation Management*. Springer Gabler, Wiesbaden. https://doi.org/10.1007/978-3-658-19131-3_14
- Dorfleitner, G., Hornuf, L., Schmitt, M., Weber, M. 2016. *The Fintech Market in Germany*. Working Paper. <http://dx.doi.org/10.2139/ssrn.2885931>
- Jaksic, M., Marinc, M. 2017. *Relationship Banking and Information Technology: The Role of Artificial Intelligence and Fintech*. Working Paper. <http://dx.doi.org/10.2139/ssrn.3059426>
- Trautman, L.J. 2016. Is Disruptive Blockchain Technology the Future of Financial Services? *The Consumer Finance Law Quarterly Report* 232. <https://ssrn.com/abstract=2786186>

Digital wealth management (“robo advice”)

- Brauer, K., Hackethal, A., Scheurle, S. 2017. Fund savings plan choices with and without robo advice. OEE Working Paper. http://www.oee.fr/files/fund_savings_plan_choices.pdf
- Nikiforova, T. 2017. The Place of Robo-Advisors in the UK Independent Financial Advice Market. Substitute or Complement? Working Paper. <http://dx.doi.org/10.2139/ssrn.3084609>
- Bhattacharya, U., Hackethal, A., Kaesler, S., Loos, B., Meyer, S. 2012. Is Unbiased Financial Advice to Retail Investors Sufficient? Answers from a Large Field Study. *Review of Financial Studies* 25 (4), pp. 975–1032. <https://doi.org/10.1093/rfs/hhr127>

Social trading

- Doering, P., Neumann, S., Paul, S. 2015. A Primer on Social Trading Networks – Institutional Aspects and Empirical Evidence. Working Paper. <http://dx.doi.org/10.2139/ssrn.2291421>
- Wohlgemuth, V., Berger, E. S., Wenzel, M. 2016. More than just financial performance: Trusting investors in social trading. *Journal of Business Research* 69, pp. 4970–4974. <https://doi.org/10.1016/j.jbusres.2016.04.061>
- Chen, H., De, P., Hu, Y., Hwang, B.-H. 2014. Wisdom of Crowds: The Value of Stock Opinions Transmitted Through Social Media. *Review of Financial Studies* 27 (5), pp. 1367–1403. <https://doi.org/10.1093/rfs/hhu001>

Crowdfunding and crowdfunding

- Hornuf, L., Schwienbacher, A. 2018. Market Mechanisms and Funding Dynamics in Equity Crowdfunding. Forthcoming in: *Journal of Corporate Finance*. <https://doi.org/10.1016/j.jcorpfin.2017.08.009>
- Günther, C., Johan, S., Schweizer, D. 2018. Is the crowd sensitive to distance? – How investment decisions differ by investor type. *Small Business Economics* 50 (2), pp 289–305. <https://doi.org/10.1007/s11187-016-9834-6>
- Vismara, S. 2016. Equity retention and social network theory in equity crowdfunding. *Small Business Economics* 46 (4), pp. 579–590. <https://doi.org/10.1007/s11187-016-9710-4>

Peer-to-peer lending and crowdlending

- Lin, M., Prabhala, N.R., Viswanathan, S. 2013. Judging borrowers by the company they keep: Friendship networks and information asymmetry in online peer-to-peer lending. *Management Science* 59, pp. 17–35. <https://doi.org/10.1287/mnsc.1120.1560>
- Herzenstein, M., Sonenshein, S., Dholakia, U.M. 2011. Tell Me a Good Story and I May Lend You Money: The Role of Narratives in Peer-to-Peer Lending Decisions. *Journal of Marketing Research* 48, pp. S138–S149. <https://doi.org/10.1509/jmkr.48.SPL.S138>
- Dunarte, J., Siegel, S., Young, L. 2012. Trust and Credit: The Role of Appearance in Peer-to-peer Lending. *Review of Financial Studies* 25 (8), pp. 2455–2484. <https://doi.org/10.1093/rfs/hhs071>

Digital currencies and alternative payment methods

- Harvey, C.R. 2017. Cryptofinance. Working Paper. <http://dx.doi.org/10.2139/ssrn.2438299>
- Raskin, M., Yermack, D. 2016. Digital Currencies, Decentralized Ledgers, and the Future of Central Banking. NBER Working Paper 22238. <http://www.nber.org/papers/w22238>
- Dwyer G.P. 2015. The economics of Bitcoin and similar private digital currencies. *Journal of Financial Stability* 17, pp. 81–91. <https://doi.org/10.1016/j.jfs.2014.11.006>

Application and topic assignment

Please use the application form at the end of this document to apply for the seminar and name three topic preferences. We do our best to accommodate your topic preferences; however, indicating topic preferences does not create a claim on a specific topic. In case you are unable to attend the seminar kick-off, please send the completed registration form to anna-lena.bauer@wiwi.uni-marburg.de by no later than **April 16, 2018**.

Course requirements and grading scheme

- Term paper of 15 pages ($\pm 10\%$, excluding cover page, table of contents and appendix). For further guidelines, please refer to the information sheet *Formal guideline for writing term papers and theses* provided by the Accounting & Finance Institute. You may write up the paper in English or German. Please submit a hard copy of your seminar paper to the Accounting & Finance Institute and send a PDF file to anna-lena.bauer@wiwi.uni-marburg.de by no later than **June 21, 2018**.
- Presentation of (i) your paper concept on **May 17, 2018** and (ii) your completed work on the assigned topic on **June 28, 2018** in the seminar. Please present in English.
- Attendance and active participation in the seminar.
- Your final grade is a weighted average of (i) your grade on the term paper (4 credits) and (ii) your grade on the presentations and active participation during the seminar (total of 2 credits).

Timeline

Kick-off	April 11, 2018	4:00 pm – 5:00 pm (Room AP 2)
Application deadline	April 16, 2018	Use application form on p. 4
Topic assignment	April 19, 2018	Email notification
Presentation of paper draft	May 17, 2018	2:00 pm – 6:00 pm (Room +2/0100, HG)
Submission deadline paper	June 21, 2018	Hardcopy and PDF to anna-lena.bauer@wiwi.uni-marburg.de
Final presentation	June 28, 2018	10:00 am – 6:00 pm (Room 00/0130, Gutenbergstr. 29A)

Application for MSc. seminar

Digital disruption in consumer finance

Summer term 2018

Last name: _____ First name: _____

Email: _____

Student ID: _____ Semester: _____

Please choose **three** topics and **rank them according to your preferences**

Topic 1: Digital wealth management (“robo advice”)

Topic 2: Social trading

Topic 3: Crowdfunding and crowdfunding

Topic 4: Peer-to-peer lending and crowdlending

Topic 5: Digital currencies

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Signature _____