

Finance Ethics with a Massive Open Online Course

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Finalist

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* The views expressed herein are those of the authors and do not necessarily reflect those of the Organization he is affiliated to.

This paper satisfies the objectives of the Ethics in Finance Prize in terms of: *a)* creating awareness of the fundamental role of ethics in the world of finance through education, specifically online education; and *b)* implementing an academic project that teaches ethics in finance in universities and via independent online education providers.

This proposal is a product of the authors' years of teaching (required) Business Ethics classes in the master and doctoral programs and (elective) undergraduate classes in Finance Ethics. The proposed course can supplement the traditional delivery of the more established Business Ethics courses, because this online-based Finance Ethics class builds upon the theories and concepts discussed in Ethics courses. This project is also a good supplement,

because it provides solid and rich discussions of case studies related to finance.

Higher Education Challenges

The delivery of, and access to, higher education has faced a number of challenges in the last two decades because of changing learner demographics. The dramatic increase in the number of adult learners, as well as the usual increase in the number of students (both privileged and not) who wanted access to higher education, created a need for open and accessible education. According to an article on the University World News website, the number of students enrolled in higher education is estimated to reach 262 million in 2025, which is almost twice the number in 2012. This number refers

Le nombre d'étudiants inscrits dans l'enseignement supérieur devrait atteindre 262 millions en 2025 ; tandis que 122 millions de jeunes sont illettrés, 775 millions d'adultes n'ont pas une alphabétisation minimale. L'accès ouvert de l'éducation en ligne aidera à résoudre les défis posés par la pénurie de cours disponibles, et le problème plus grand d'analphabétisme.

L'introduction des MOOC en 2008 a été considérée comme une innovation significative dans l'enseignement supérieur susceptible de repousser les limites du système d'éducation traditionnel en termes de coûts et d'accessibilité. D'après un rapport de 2016, les fournisseurs de MOOC offrent plus de 6850 cours à ce jour ; et le nombre estimé de candidats aux MOOC est de 58 millions. Morrison (2012) considère la plate-forme comme une innovation de rupture qui entraînera des changements fondamentaux et des transformations notables dans l'enseignement supérieur.

only to learners who can gain access to higher education, and not to those with more limited capability. Furthermore, according to a UNESCO report in 2016, 122 million young people around the world are illiterate, while 775 million adults lack minimum literacy. Open access education plays an important role in solving the challenges of course availability, and the bigger challenge of illiteracy. This dynamic and ever-changing knowledge environment was triggered by the need for an affordable and accessible higher education model that will educate a growing number of learners. The increased access to personal technology and social media is an ultimate solution to these challenges.

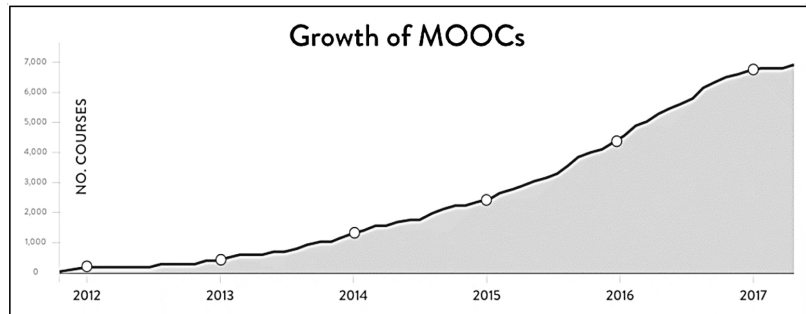
Open Online Education Tending: Necessity

The advent of massive open online courses (MOOCs) in 2008 was considered a disruptive innovation in the delivery of higher education, and a specific solution to the limits placed

on the traditional education system by cost and accessibility. According to Kaplan and Heinlin (2016), a MOOC can be formally defined as an open access online course aimed at unlimited learner participation over the web. The online class offers interactive user forums to facilitate improved learning experience among students, professors, and even teaching assistants.

The emergence of MOOCs generated an overwhelming, positive response from online learners and more recently has been receiving attention from researchers in distance learning education. Based on the December 2016 report of the Class Central website, nearly 100 established MOOC providers around the world have partnered with more than 700 universities. These MOOC providers offer more than 6,850 courses to date. Figure 1 shows the growth in the number of courses launched from the beginning of 2012 to the end of 2016. Listed courses in Class Central are growing at a rate

Figure 1: Number of MOOCs launched from 2012 to 2016



Source: Class Central website, <https://www.class-central.com/report/mooc-stats-2016/>

Par ailleurs, Carré (2013) explique que les MOOC résoudre- ront le problème de contraintes budgétaires parmi les élèves en réduisant le coût des études.

La loi Sarbanes–Oxley de 2002 et la loi Dodd–Frank pour la réforme de Wall Street de 2010 ont été adoptées en réponse à la vague de scandales financiers et à la crise économique. Il en a résulté une industrie financière qui est étroitement régulée. Cependant, en ajoutant plus de régulation on gaspille de grandes quantités de ressources qui sont improductives - à cause de la nécessité de respecter strictement ces règles - au lieu de les utiliser pour créer plus d'activités à valeur ajoutée. À court terme, la solution est d'exiger des législateurs de conduire une analyse coûts- bénéfices où les bénéfices devraient dépasser le coût. La solution à long terme et de demander à l'industrie financière de pratiquer l'autorégulation et l'autodiscipline et de la forcer à prendre l'initiative de faire ce qui est correct.

of 15 courses a day. The report also estimated the number of MOOC enrollees at 58 million. The report also indicated that Coursera remains the largest provider of MOOC with 23 million registered users, whereas edX has 10 million registered users. Other providers, such as FutureLearn, are quickly catching up with its 275% growth in the number of registered users in 2015. FutureLearn became the fourth largest provider with 5.3 million online students in 2016, after XuetangX, a Chinese MOOC provider with 6 million online learners.

The open nature and bigger scale of MOOC-based education offers great opportunities for expanding and improving access to higher education. The emergence of MOOC-based education creates a number of possibilities for experimentation in its delivery. Perspectives, such as that of Morrison (2012), view the platform as a disruptive innovation that will make fundamental changes and create a significant transformation in higher education. These modifications and new approaches generated significant interest from governments (e.g., the US and the UK governments), commercial organizations (e.g., Pearson PLC and Google, Inc.), and academic institutions (e.g., University of South Australia and Chinese Tsinghua University). These players in the evolution of MOOCs are seeking to take advantage of the innovations in massive open online learning. According to Carey (2013),

MOOCs will solve the problem of budget constraints among learners by decreasing the cost of degree courses. These developments fulfill the ideal of openness in higher education and achieve the aspiration that learning should be available regardless of economic, demographic, and geographical constraints.

Complexities of Financial and Accounting Fraud

The complications arising from financial and accounting fraud are the main reasons why authorities are still learning, and possibly recovering, from the wave of financial and accounting scandals that took place in the early 2000s. Some regulators are still in the midst of uncovering the lapses that happened during the subprime mortgage crisis of 2008. The Sarbanes–Oxley Act of 2002 and the Dodd–Frank Wall Street Reform of 2010 were ratified to respond to corporate scandals and economic crises, respectively, and to keep the financial services industry constantly in check. The financial services industry is one of the most tightly regulated industries because of the great magnitude of its scope. When it fails, it has knock-on effects on other industries. However, it can be argued that adding more regulations wastes significant productive resources, because firms put those resources into strictly complying with the rules instead of creating more value-added activities for the business. The government punishes not only the

Les problèmes éthiques liés à la finance sont répandus et ont tendance à devenir écrasants. Les pratiques financières contraires à l'éthique peuvent continuer pendant des années et des années sans qu'il en soit fait état parce que les gens du haut en bas de l'échelle ont été rendus aveugles par l'attrait du gain personnel.

Les enquêteurs échouent parfois à identifier la cause réelle et l'origine du scandale en raison de l'énorme quantité d'écritures non comptabilisées. Ainsi, la discipline auto imposée semble être une solution plus durable face à la complexité croissante de la fraude financière et comptable.

L'autorégulation dans l'industrie financière peut sembler idéale mais pas impossible, elle est en réalité accessible grâce aux individus éthiquement formés par l'éducation. L'éthique en finance est une discipline académique émergente qui fait partie de l'éthique des affaires (une forme d'éthique

bad apples but also most of the good ones by providing a tightly controlled and anticompetitive environment.

Thus, it can be clearly stated that the supposed solutions (i.e., regulations) are not really solving the problem. Instead, they are producing further problems by creating a restrictive business environment. A short-term solution is to demand that lawmakers be judicious in enacting regulations. They should conduct cost-benefit analyses, to determine where the benefits of regulation outweigh the cost. The long-term solution is to require the finance industry to practice self-regulation and self-discipline and compel it to take the initiative to do what is right. The financial industry is a good starting point for such self-imposed discipline because it holds huge amounts of money. Based on the latest survey of McKinsey and Company of 2013, the total global assets of the financial industry has reached \$225 trillion. Because this amount is so staggering, even a small fraction of fraudulent activity can still have huge implications.

Finance Ethics as an Academic Discipline

In academe, most faculties often argue that Finance Ethics (also called Ethics in Finance or Financial Ethics in some universities) as an academic discipline is already included in the Business Ethics course. However, in my years of teaching required Business Ethics classes in both the Master and the Doctoral programs in

our college, I noticed that business case study issues are often divided into environment (e.g., BP oil spill), labor (e.g., Nike's sweat shops), social (e.g., Mattel's lead paint scandal), technology (e.g., Apple's intellectual property battles), and financial (e.g., Enron's accounting scandal and Worldcom's financial manipulation). I also noticed that ethical issues related to finance cut across any divisions and tend to become highly significant. This comes down to the fact that it can happen every day from the very simple and fleeting situation of a clerk stealing from a petty cash box to the more complicated and longer-term transactions of a Chief Financial Officer hiding billions in debts through special purpose entities.

These unethical financial practices can continue for years and even decades without being noticed because people across the business, from the lower ranks right to the top, have been blinded by the promise of personal gain. Moreover, involved parties treat the unethical situation as normal, as part of daily business operations, and view such practices as greatly beneficial until a scandal breaks. This practice is the reason Madoff-like financial scandals went on for decades without being detected. (Madoff allegedly began his scheme in the early 1990s.) Issues in Finance Ethics are special because, when compared with, for example, environment or labor issues, one has to dig deeper into the minutiae of what went wrong.

appliquée ou d'éthique professionnelle), qui étudie les valeurs morales, les jugements, les comportements, et les problèmes éthiques qui surgissent dans le domaine de la finance.

Le domaine se concentre sur les arguments philosophiques qui proposent un ensemble de principes éthiques pour régir le comportement individuel et collectif en finance, enquête sur les motivations à l'origine du comportement, et guide la conduite des joueurs dans l'industrie financière.

Il y a un besoin d'avoir un cours MOOC d'éthique en finance dans chaque programme d'études d'un département de la finance et les fournisseurs indépendants en ligne peuvent jouer un rôle important en éduquant les actuels et futurs professionnels des affaires à la gestion correcte des informations et ressources financières et compatibles. Un accès ouvert à l'éducation en éthique et finance peut aider à résoudre la pénurie

Investigators sometimes fail to identify the real cause and beginning of the scandal because of the massive paper trails leave important details unrecorded and because of the lack of cooperation among internal stakeholders. Thus, a stand-alone discipline that focuses on financial ethics is a more sustainable solution to untangling the growing intricacies of financial and accounting fraud.

“Education is the most powerful weapon you can use to change the world.”

– *Nelson Mandela*

This classic quotation from the late Nelson Mandela captures the essence and purpose of having a stronger Finance Ethics education. Self-regulation in the financial industry may seem like a difficult to attain ideal but it is actually attainable – by using education to produce ethically-trained individuals. Unfortunately, Finance Ethics as a formal academic course in colleges and universities has yet to be recognized globally. Based on my research, out of the 163 higher education institutions in Taiwan (where I am currently teaching), less than 5% are actually offering courses related to Finance Ethics. This situation also applies to other academic institutions around the world.

The formal definition of this emerging academic field is also not yet well established in academic papers, as far as I am aware. For that reason, an exact definition online is hard to find. Given that, I

want to define Finance Ethics as an emerging academic discipline that is part of Business Ethics (a form of applied ethics or professional ethics), which studies moral values, conduct judgment and ethical problems that arise in the field of finance. The field focuses on the philosophical arguments that seek to propose a set of ethical principles to govern individual and collective behavior in the field of finance; it enquires into the motivations behind behavior, and guides the conduct of players in the financial industry. This is the set of definitions that I am using in my Finance Ethics class, which is a traditional undergraduate elective course being offered by our Department of Finance.

Limited (or non-existent) Finance Ethics Curriculum

Like the traditional Finance Ethics class, there are few, or no, MOOC-based Finance Ethics course at universities and independent MOOC providers. There is a need for a MOOC-based Finance Ethics course in every Finance Department curriculum, and independent online providers may also play an important role in educating current and future business professionals about the proper handling of financial and accounting information and resources. An open-access ethics in finance education could also make good the shortage of this course in the curricula of business colleges and aid in propagating an ethical approach

de ce type de cours dans le programme d'études des écoles de commerce et aider à propager une approche éthique dans l'éducation financière. Un cours MOOC peut être un instrument puissant d'éducation en rendant conscient du rôle fondamental de l'éthique dans la discipline financière.

Le cours en éthique en finance proposé en forme MOOC offre une introduction aux problèmes éthiques dans la finance moderne et aide les étudiants en finance et les praticiens à approcher cette discipline académique relativement nouvelle. L'introduction traite de la définition, de l'importance, de la promotion et des concepts essentiels en éthique en finance.

La première section définit formellement l'objet de la discipline académique émergente, l'éthique en finance. Elle examine aussi l'importance de la promotion de cette discipline.

La deuxième section

to financial literacy. The primary goals of this MOOC-based course are to promote ethics in finance as an academic discipline, and to encourage colleges and universities and independent providers to create a MOOC-based course related to Finance Ethics.¹

Course Design: A Case Study Approach

This MOOC-based course could be a powerful educational tool in creating awareness of the fundamental role of ethics in financial disciplines. It could provide learners with the ethical principles to govern the financial services industry, and also help online students to easily identify ethical issues encountered by financial institutions and individuals in both public and private sectors. An online Finance Ethics course could serve as a moral compass in the business curriculum, particularly finance-related topics, that could help prevent fraudulent activities and eliminate the need for excessive regulation. This course, through education, would relieve individuals and business organizations of the economic burdens that arise from fraudulent activities and from the compliance costs that come with excessive regulations.

The proposed MOOC-based

¹ This paper indirectly encourages academic institutions to create traditional Finance Ethics course (i.e., a required or an elective course) to be part of the Business College, specifically the Finance Department's curriculum.

Finance Ethics course offers an introduction to ethics in modern finance and helps finance students and practitioners approach this relatively new academic discipline. This online course aims to achieve its learning objectives through the use of case studies and debate topics related to financial companies, individuals, and related financial and accounting issues. The opening topic discusses the definition, importance, promotion, and discussion of essential concepts in Finance Ethics. This MOOC-based course will feature video summaries of the following:

- 17 financial- and accounting-related case studies;
- 4 debate topics on the ethical questions around government bailouts, white-collar criminality, credit card lending malpractices, and auditor independence; and
- a bonus case on the interesting issue of bribery in global business.

The 17 case studies and 4 debate topics are divided into 4 main different sections. The first section talks about cases related to ethical risks in the financial services industry. The second section discusses conflicts of interest and individual misconduct. The third section deals with the misuse and manipulation of financial instruments. The fourth section explores unethical accounting practices. At the end of each main section, a review will be provided to cover the central issues of each case

parle des plus grands scandales récents de l'industrie financière et s'interroge sur l'irresponsabilité des corporations financières. Cette section met en lumière la culture de l'arrogance et de la cupidité en accord avec la mentalité "too big to fail". Cette partie soulève aussi la question du rôle du gouvernement dans le fait de discipliner ces grandes institutions financières avec leurs comportements à risque. Ainsi, le thème du débat porte sur la remise en question des sauvetages gouvernementaux pour aider ou tolérer ces faillites. Cette section explorera les sujets suivants en détail :

- La faible surveillance financière d'AIG
- Contribution financière du pays entier à la solution de la crise des subprimes
- La chute de Lehman Brothers
- Les questions éthiques en rapport avec la Taiwan Asset Management Corporation
- L'éthique des plans de sauvetage – l'argent du contribuable contre la négligence de l'entreprise.

study and debate. The final topic synthesizes the case studies and debate topics discussed, mentions some limitations of the course, and provides future directions in the study of Finance Ethics.

The proposed MOOC-based Finance Ethics courses' syllabus can be found in the Appendix. Below are the brief descriptions of each topic.

Finance Ethics Definition, Importance, and Promotion

Section 1 formally defines the focus of this emerging academic discipline based on its relation to Business Ethics. This discussion also argues the discipline's relevance to today's financial environment in the context of fraudulent activities and the cost of excessive regulation. The opening topic suggests how Finance Ethics can be promoted in academic institutions and recommends that every business organization should be clear in its definitions of what is legal, ethical, and profitable.

Finance Industry Blunders

Section 2 talks about the biggest finance industry scandals of the recent times and questions whether financial corporations acted responsibly. This section highlights the culture of arrogance and greed consistent with the "too big to fail" mentality. This part also questions the role of the government in disciplining big financial institutions

engaged in risky behavior. Thus, the debate topic questions the extent to which government bailouts furthered or tolerated these collapses. This section will explore the following topics in details:

- *AIG's Weak Financial Oversight*

Synopsis: The AIG case uncovers how a long-standing and venerable institution can be led to eventual demise by a single department, here the Financial Products Unit. The case examines the reckless financial decisions of the unit and explains how the system, though inadequate regulation, allowed AIG's corruption to develop.

- *Countrywide Financial's Contribution to the Subprime Mortgage Crisis*

Synopsis: The Countrywide Financial case identifies the root cause of the subprime mortgage crisis as it points to banks' unethical lending practices, which were designed to generate loans. The abuse of subprime loans created high rates of payment delinquency and mortgage foreclosures because high-risk consumers could not afford to pay.

- *The Collapse of Lehman Brothers*

Synopsis: The Lehman Brothers case examines the largest bankruptcy in the world and the fall of one of the world's biggest investment banks. This case highlights the company's involvement in subprime lending and subsequent allegations of

La troisième section présente des personnalités hautes en couleurs impliquées dans des scandales d'investissement. Cette section porte sur le conflit d'intérêts où les individus concernés utilisent leur influence et leur réseau pour prendre au piège des investisseurs. Cette partie soulève aussi la question de la capacité des investisseurs à identifier les investissements vrais des faux. Cependant, étant donné la participation d'individus hautement crédibles, l'identification de ces investissements frauduleux a été difficile, aboutissant ainsi à des scandales financiers massifs. La section explore si les criminels en col blanc sont intrinsèquement mauvais s'ils sont purement influencés par la culture de l'organisation. Cette section présentera les sujets suivants :

- Le système pyramidal frauduleux de Tom Petters
- Les investissements magiques d'Allen Stanford
- Le système de Ponzi de Bernie Madoff
- Nick Leeson et la chute de la Barings Bank

negligence. This led to a massive exodus of clients, drastic falls in the bank's stock, and the devaluation of assets, all of which contributed to shut-down in access to short-term funding that was needed to keep the company afloat.

Taiwan's Asset Management Corporation's Ethical Issues

Synopsis: This case discusses the ethical concerns thrown up by the processes that Taiwan's Asset Management Corporation (AMC) applied in helping distressed Taiwanese banks recover. The case also examines the advantages and disadvantages of AMC's role in providing financial assistance to local banks.

- *Debate: Ethics of Government Bailouts – Taxpayers' fund vs. Corporate negligence*

Synopsis: This debate examines the benefits and drawbacks of government bailouts for troubled, big corporations. This topic weighs the thousands of jobs that are saved by bailouts against the argument that tax payers' monies are wasted thanks to the reckless behavior of huge firms.

Individual Financial Misconduct

Section 3 features colorful personalities involved in investment scandals. This section focuses on conflict of interest, where the individuals concerned used their influence and network to trap investors into their investment

schemes. This part also questions the ability of investors to identify fraudulent investments. Given the involvement of credible individuals, identifying such investments proved difficult, which resulted in massive financial scandals. The debate topic explores whether white-collar criminals are intrinsically bad as individuals or are merely influenced by the business organization culture. This section will feature the following topics:

- *Tom Petters' Fraudulent Scheme*

Synopsis: Tom Petters' case examines a US\$3.65 billion fraud carried out by a prominent businessman through the sale of promissory notes to investors. This case explains how Petters fabricated purchase orders from retailers and used them as collateral to borrow money from hedge funds and how this misconduct remained undetected for years.

- *Allen Stanford's Magic Investments*

Synopsis: The Allen Stanford case discusses a Ponzi scheme totalling US\$7 to US\$8 billion. This case highlights the red flags that should be brought to the attention of managers and other employees, feeder fund managers, and others who typically interact with investment organizations.

- *Bernie Madoff's Ponzi Scheme*

Synopsis: The Bernie Madoff case shows how massive a US\$65 billion

- L'implication de Martha Stewart dans un scandale de délit d'initié
 - Les mauvaises conduites organisationnelles – Criminels en cols blancs vs. Faiblesse de la culture d'entreprise

La quatrième section parle de l'abus des instruments financiers à travers la sur-spéculation et le gain personnel. Cette section se concentre sur la mauvaise utilisation des produits financiers et sur l'information d'initiés au détriment de l'investissement public. Cette partie enquête aussi sur la capacité des réglementations à détecter ces manipulations à cause de la nature secrète et interne des transactions. Le sujet du débat porte sur les questions éthiques entourant le prêt par carte de crédit. Cette section présentera les sujets suivants :

- Questions éthiques dans les transactions sur produits dérivés
- Le scandale de délit d'initié du groupe Galleon
- La crise des cartes de crédit: le cas de Taiwan
- Questions éthiques dans les prêts sur

scheme victimized thousands of investors for a long time. This case illustrates how a successful and a reputable individual, with legitimate success and stature, can be consumed by greed and use their status to start an illegitimate money management business.

- *Nick Leeson and Barings Bank's Demise*

Synopsis: The Nick Leeson case evaluates how one individual can cause the collapse of one of the world's oldest merchant banks. This case explains how a concealed US\$1.4 billion loss in unauthorized trading and inadequacy in the bank's internal controls led to the demise of Barings Bank.

- *Martha Stewart's Involvement in an Insider Trading Scandal*

Synopsis: The Martha Stewart scandal is a celebrated insider trading case because of the involvement of a very popular TV personality. This case highlights the abuse of nonpublic information and the use of a private informant, which favored Stewart in an investment position over other investors.

- *Debate: Organizational Misconduct – White-collar criminals vs. Weak Corporate Culture*

Synopsis: This debate presents the argument that serious organizational misconduct can occur in a firm because corporate psychopaths occupy high executive positions and/or because the overall organizational culture is unethical.

Misuse of Financial Instruments

Section 4 talks about the abuse of financial instruments through over-speculation and personal gain. This section concentrates on the misuse of financial products and insider information to the detriment of the investing public. It also inquires into the ability of regulations to detect these manipulations, given the secretive and internal nature of the dealings. The debate topic focuses on the ethical issues surrounding credit card lending, examining the faults in the bank's lending practices and the irresponsibility of the borrowers. This section will feature the following topics:

- *Ethical Issues in Derivatives Trading*

Synopsis: This case explains the history of the risky, yet pervasive, financial instruments called derivatives. It also examines the use of investment instruments, the ethical implications involved, and the reasons why they can sometimes spiral out of control and create financial disasters.

- *Galleon Group's Insider Trading Scandal*

Synopsis: The Galleon Group case examines rampant criminal and unethical activity in the shape of insider trading. The scandal is considered one of the largest insider trading cases in U.S. history. This story of security fraud and conspiracy includes providing false information, withholding key information, and

cartes de crédits (prêteurs vs. emprunteurs)

La cinquième section s'occupe de quelques cas classiques de scandales comptables qui ont choqué l'industrie financière. Cette section porte sur des manœuvres financières qui ont pour but de cacher les dettes et d'enregistrer des dépenses fictives. Cette partie soulève la question de la capacité des gardiens du système, particulièrement les auditeurs et les cabinets d'avocats à dénoncer les fraudes comptables. Le sujet du débat se concentre sur les avantages et les inconvénients d'avoir des liens personnels et/ou professionnels avec des auditeurs externes. Cette section présentera les sujets suivants :

- Fraude financière et comptable chez Enron
- Conflit d'intérêts chez Arthur Andersen
- Le scandale comptable de Worldcom
- Les pratiques comptables douteuses de Diamond Foods
- La fraude comptable chez Satyam Computers
- L'indépendance de l'auditeur: relation personnelle vs. profes-

offering bad advice to clients.

- *Credit Card Crisis: The Taiwan Case*

Synopsis: This case discusses the conduct of Taiwanese banks in dealing with bad credit card debts. The case takes a close look at indiscriminate lending practices and the ethics of targeting students and young professionals in marketing and approvals.

- *Debate: Ethical Issues in Credit Card Lending (Lenders vs. Borrowers)*

Synopsis: This debate presents the ethical issues in credit card lending. This topic highlights the indiscriminate and predatory lending of banks to non-creditworthy customers. This debate also argues the case that consumers did not carefully study the terms and conditions and are irresponsible borrowers.

Financial and Accounting Scandals

Section 5 deals with some of the classic accounting scandals that shocked the financial industry. This section focuses on financial maneuvers undertaken to hide debts and pad revenues. This part also questions the ability of gatekeepers, particularly auditors and law firms, to expose accounting frauds. The debate topic concentrates on the advantages and disadvantages of having a personal and/or professional relationship with external auditors. This section will feature the following

topics:

- *Financial and Accounting Fraud at Enron*

Synopsis: The Enron case examines how a well-known and lauded company became plagued by unethical, and illegal, business and accounting practices, which resulted in its collapse. This case also explains how stakeholders and gatekeepers failed to stop Enron's business malpractices.

- *Conflict of Interests at Arthur Andersen*

Synopsis: The Arthur Andersen case highlights how conflict of interests at auditors can lead to the sacrifice of accounting standards. The case also illustrates the importance of maintaining corporate culture, values, and integrity in implementing effective reputation management.

- *Worldcom's Accounting Scandal*

Synopsis: The Worldcom case shows that manipulating accounts to flatter the company's financial results can lead to bankruptcy. The case shows that financial fraud can start out small but may snowball over time.

- *Diamond Foods' Questionable Accounting Practices*

Synopsis: The Diamond Food case illustrates how a company that embraces an aggressive corporate culture can allow ethical lapses in its financial accounting practices. The case examines the reputation of the company in making bold and

sionnelle

L'étude de cas du bonus explore les problèmes éthiques liés à la corruption dans des opérations d'affaires au niveau mondial. Cet environnement de haute technologie qui évolue rapidement, associé avec des différences culturelles régionales, incite les sociétés multinationales à recourir à la corruption pour accélérer les processus d'affaires. Ce cas illustre les difficultés de distinguer entre des cadeaux et des pots-de-vin dans les affaires. La dernière section offre une synthèse des études de cas présentées ici. Elle cite les points principaux analysés dans les sections précédentes et explique comment différents problèmes contraires à l'éthique ont lieu en même temps qu'une activité frauduleuse spécifique.

Chaque sujet MOOC en éthique en finance sera traité en combinant l'explication de l'instructeur et des diapositives PowerPoint. Chaque vidéo comprendra deux épisodes d'environ six à huit minutes pour expliquer la vue d'ensemble de l'éthique en finance,

expensive acquisitions, a practice that eventually forced it to cut corners in the preparation of its books.

- *Accounting Fraud at Satyam Computers*

Synopsis: The Satyam case examines how Ramalinga Raju misrepresented the accounts of the company to the board, stock exchange, regulators, and investors. This case exposes another scheme of fraudulent auditing practice, this time in the Indian corporate setting. This one allegedly had the involvement of auditors and accountants.

- *Debate: Auditor Independence: Personal vs. Professional Relationship*

Synopsis: This debate presents the advantages and disadvantages when a business hires someone from their external auditing firm to be a consultant to the company and still continue the same level of auditing relationship. This topic weighs conflicts of interest against the big contribution such a consultant can make to the management of the finances of the firm.

Bonus Case: Ethical Issues Around Bribery in Global Business

This bonus case study explores the ethical issues surrounding bribery in global business operations. Today's business landscape is more dynamic than ever because of the increased role of social media and technology. This rapidly changing environment, coupled with regional

cultural differences, has prompted some multinational corporations to resort to bribery to oil the wheels. This case study illustrates the difficulties of differentiating between gifts and bribes when business is done on a global scale. However, the bribery trend is leading to heightened government enforcement of anticorruption regulation and to more comprehensive anticorruption compliance programmes. This case study offers a significant understanding of the issues that affect the short- and long-term growth plans of firms operating abroad and of the use of bribes to achieve them.

Review of Finance Ethics Case Study

The final section provides a synthesis of the case studies covered. This part brings together the major points covered in the previous sections and explains how a specific fraudulent activity can trigger a variety of ethical problems simultaneously. The review will also talk about potential issues that may arise in the field of Finance Ethics, in particular how cryptocurrencies and financial technology (fintech) are quickly emerging as possible alternatives to traditional ways of carrying out financial transactions.

MOOC-based Finance Ethics Delivery

Similar to the delivery of MOOCs, each topic will be delivered through a combination of instructor explanation and PowerPoint slides.

les principaux problèmes et les études de cas, ainsi qu'un résumé final du sujet abordé. Une discussion de cinq à sept minutes sera consacrée à la présentation de deux aspects des sujets du débat. Étant donné le nombre de sujets à choix dans ce cours en ligne, les instructeurs pourront proposer ces MOOC en éthique en finance en deux parties et diviser les sujets selon la préférence des conférenciers. Les instructeurs pourront aussi inclure des scandales financiers plus récents afin de maintenir ce cours en ligne à jour.

Certaines méthodes pédagogiques et des processus organisationnels spécifiques peuvent aussi être utilisés pour produire une expérience d'apprentissage en ligne de haute qualité en plus de la méthode habituelle d'évaluation par les pairs.

Pour les examens, trois questions peuvent être posées pour chaque présentation vidéo et une question de réflexion peut être formulée pour chaque sujet de débat et le résumé final des sujets

The script and discussion for each case study, and for the debate topics, will be based on independent research carried out by the main instructor, with support from teaching or research assistants. Each video will have two installments, of about 6 to 8 minutes each, to explain the overview of Finance Ethics, the main issues of the case studies, and the final summary of the topics discussed. Discussion of 5 to 7 minutes will be devoted to the presentation of two sides of the debate topics. This video duration follows the study of Guo (2013), which suggests that student engagement time maxes out at 6 minutes and that optimal video length should be 6 to 9 minutes.

Given the number of suggested topics in this proposed online course, instructors could deliver this Finance Ethics MOOC in two parts and divide the topics depending on lecturer preferences. For example, instructors could consider grouping topics under Sections 2 and 3 as Finance Ethics I, and have Sections 4 and 5 as Finance Ethics II. Although topics were arranged in a certain way as outlined above, online students can also create their own individualized learning experience by taking alternative routes through the cases and debate topics. Instructors can also include more recent financial scandals (e.g., the Wells Fargo Fake Accounts Scandal, and Toshiba Accounting Scandal) to make this online course more up-to-date. Some of the case studies covered in this proposed online class

might be covered in other online classes of respective students. That is, university students might use this MOOC-based Finance Ethics course as a supplemental resource in their traditional Business Ethics classes, or any related course.

Online Assessment and Completion

Certain pedagogies and specific organizational processes can also be put in place to ensure the delivery of a high-quality online learning experience. This is aside from the usual peer-assessment method that is common for MOOC-based courses. For example, an online Teaching Assistant (TA) can help in facilitating discussions and in realigning the answers of students by providing the key points of the every topic explained. Academic institutions can also require faculty members to allot 4 to 6 hours of their time a week to monitor and assess the learning of their online students. This method will also be more efficiently done with the help of the TA, and can overcome the criticism that there is too little formal quality assurance in MOOCs as mentioned by Daniel (2012). This solution can also offer opportunities for nontraditional teaching approaches and learner-centered pedagogy to become more dynamic where faculty members, TAs, and students can learn from each other's views.

With regard to examinations, three questions can be asked for each video presentation on topics related

peut être discuté. La forme la plus significative d'assurance de qualité et d'amélioration de ces cours MOOC en éthique en finance viendra des réflexions et des évaluations informelles des étudiants en ligne. Ces communautés d'élèves en ligne peuvent aussi faire du « crowdsourcing » de leurs avis et réponses aux problèmes. On peut délivrer des certificats de formation à certains participants qui pourront même obtenir des crédits académiques officiels s'ils ont achevé avec succès ce cours en ligne d'éthique en finance.

Les cours en ligne ouverts à tous ont inauguré une nouvelle ère dans l'enseignement supérieur et ont permis aux établissements académiques et aux fournisseurs indépendants d'explorer de nouvelles voies pour l'apprentissage. Le MOOC en éthique en finance fournit une manière d'apprendre les problèmes éthiques en lien avec l'industrie financière de façon accessible, flexible et gratuite ou bon marché (selon le fournisseur).

to the overview of Finance Ethics and case studies to measure the degree of understanding of online students. One reflection question can be asked for each debate topic and the final summary of the topics discussed, to determine the opinions and degree of understanding of the learners. The most significant form of quality assurance and enhancement in this MOOC-based Finance Ethics course will come from the reflections and informal evaluations of online students who put answers on the comments of participants using the MOOC platform of the university or independent providers.

These online communities of learners can also crowdsource their opinions and answers to problems. Such an approach can form networks or groups that create additional learning channels, which seldom occur in the traditional classroom setting in universities. Depending on the MOOC platform of the university or an independent provider, online participants can be given Certificates of Accomplishment and may even be able to gain official academic credits upon the successful completion of this online Finance Ethics course.

Conclusions

Open online courses ushered in a new age of innovation in higher education. They allowed academic institutions and independent providers to explore new ways of providing online learning and creative practices in teaching a wide range of learners. This

innovation also solves the problem of inaccessible and expensive education and the bigger problem of illiteracy. In the aftermath of the subprime mortgage crisis of 2008, there was a new wave of concern about how best to rethink the way in which the financial services industry operates. The economic crisis also raised questions about the learning we gained from the notorious set of financial and accounting scandals in the early 2000s. A MOOC-based Finance Ethics course has a huge potential to combine these two strands by introducing a stronger ethics in finance course to the higher education curriculum. This online Finance Ethics course can provide accessible, flexible, and free or low-cost (depending on the provider) way of learning about the ethical issues surrounding the financial services industry. Online learners can simulate, and practice dealing with, ethical heterogeneity based on real-life case studies of companies and individuals. This course can also serve as an avenue to discuss the role of ethics in finance based on individual and corporate practices, and how such activities can be understood in a more comprehensive way through ethics.

All stakeholders concerned should ponder the causes of the recent crisis and of past and present financial scandals. They should also rethink the ethical role that finance and accounting practice plays in the sustainable future of the industry. Given the third installment

Les élèves en ligne peuvent simuler et pratiquer l'hétérogénéité éthique basée sur des études de cas réelles. Ce cours peut aussi servir à discuter le rôle de l'éthique en finance basée sur des pratiques individuelles et d'entreprises, et comment de telles activités peuvent être comprises d'une façon plus complète à travers l'éthique.

of the Basel Accords (a.k.a. the Basel III regulations), banking has been under scrutiny again for questionable activities, as well as some related auditing practices. However, financial regulations do not totally solve the complications that arise from unethical practices. In fact these regulations even created unexpected problems as they can lead to a restrictive and anticompetitive business environment. Criticisms should be analyzed and alternatives should be presented to incorporate ethics in support of profitability and efficiency, and to educate and

empower professionals in the world of finance to align financial prosperity with personal integrity. The long-term solution is to produce skilled and ethical financial practitioners through Finance Ethics education. That would create massive and sustainable positive transformation in the financial services industry. Through this online Finance Ethics course, students would be expected to gain a holistic understanding of how sound ethics and strong professionalism can contribute to the financial viability of an individual, company, and society.

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Appendix

Course Objectives:

The Finance Ethics online course offers an introduction to the ethical issues in modern finance, and helps finance students and practitioners approach the relatively new discipline of Finance Ethics. This online course achieves its learning objectives through the use of case studies related to financial companies and related financial and accounting issues.

The opening topic discusses the definition, importance, promotion and essential concepts about Finance Ethics. The course will feature video summaries of seventeen case studies including *a)* four debates on ethical questions in relation to government bailouts, white-collar criminals, credit card lending malpractices, and auditor independence; and *b)* a bonus case on the interesting issue of bribery in global business will be also featured.

Case study topics were divided in four different sections: first is on cases related to ethical risks in the financial industry; second is conflict of interests and individual misconducts; third is about the misuse and manipulation of financial instruments; and lastly, there are cases about unethical accounting practices. Each main section will provide a review to cover the main contents of each case study and debate. The final topic summarizes the case studies discussed, and talks about the future and potential issues

in the field of Finance Ethics.

At the end of the course, students are expected to:

- identify moral struggles of individuals and ethical problems of business organizations related to finance
- propose solutions and design new strategies in solving and preventing future ethical misdeeds;
- be empowered to properly face unethical practices in the workplace, and be a catalyst for sustainable changes in the financial industry

Finance Ethics MOOCs Content:

1. Finance Ethics definition, importance and promotion

2. Financial Industry Blunders

- AIG's weak financial oversight
- Countrywide Financial's contribution to the subprime mortgage crisis
- Taiwan's asset management corporation's ethical issues
- The collapse of Lehman Brothers
- *Debate:* Ethics of government bailouts – taxpayers' fund vs. corporate negligence
- *Section Review*

3. Individual Financial Misconduct

- Tom Petters' fraudulent scheme
- Allen Stanford magic investments

- Bernie Madoff ponzi scheme
- Nick Leeson and the demise of Barings Bank
- Martha Stewart's involvement in insider trading
- *Debate*: Organizational misconduct:white-collar criminals vs. weak corporate culture
- *Section Review*

4. Misuse of Financial Instruments

- Credit card crisis: the Taiwan case
- Ethical issues in derivatives trading
- Galleon Group's insider trading scandal
- *Debate*: ethical issues in credit card lending (lenders vs. borrowers)
- *Section review*

5. Financial and Accounting Scandals

- Financial and accounting fraud at Enron
- Conflicts of interest at Arthur Andersen
- Worldcom's accounting scandal
- Diamond Foods' questionable accounting practices
- Accounting fraud at Satyam Computers
- *Debate*: auditor independence – personal vs. professional relationship
- *Section Review*

6. Bonus Case: Ethical issues in global bribery in business

7. Finance Ethics Case Study Review