The George Washington University
Trachtenberg School of Public Policy and Public Administration
PPPA 6061.10
Banking and Financial Institutions Policy
Spring 2021 Syllabus
As of October 21, 2020

Time: 6:10 p.m. – 8:00 p.m., Mondays
Location: Online only via videoconference – see instructions below on accessing video class sessions on Zoom.

Professor: Joseph Firschein
joseph.a.firschein@frb.gov
703-731-5992 (cell)
202-736-5531 (work)
Office hours by appointment

Course Description:
This course examines the broad range of policy issues applicable to banking and financial institutions -- including those related to financial stability, consumer protection, monetary policy, and community reinvestment. This area includes a number of questions that are at the forefront of the current national policy debate about how to regulate financial institutions and financial markets particularly during a financial crisis. Key questions include the following:

• What is the structure of federal bank regulation since passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act, or DFA) in 2010? What steps did the DFA take to address financial risk in the banking sector and what are alternative perspectives on whether these steps have helped prevent banks from being “too big to fail”?
• What are alternative perspectives on the consumer protection policies put in place by the DFA related to mortgage lending and payday lending, including creation of the Consumer Financial Protection Bureau (CFPB)? What policy changes did the Trump administration implement related to consumer protection and the CFPB?
• What are the responsibilities of the Federal Reserve related to monetary policy and financial stability? How has the Fed used these tools in recent financial crises and what are alternative views on the effectiveness of these policies particularly for low-income and minority households?
• What are the key policy issues associated with the Community Reinvestment Act that requires banks to meet the credit needs of the low- and moderate-income communities that they serve? What have been the challenges of modernizing the CRA regulations to keep up with changes in the banking industry, including the increased use of online/Internet banking?
• How has technology and innovation changed the banking and financial services sector and what are the implications of these changes for public policy? How
should “fintech” companies be regulated and should federal banking agencies grant bank charters to fintech companies?

The course is designed to be a general survey of these issues for students with different levels of work experience and career interests. It is appropriate for students interested in policy roles at a wide range of public and private sector organizations; at executive agencies such as the U.S. Treasury Department or Small Business Administration; in federal or state legislative policy organizations; at consumer or community development organizations; and in the financial services industry or at industry trade associations. The course also is appropriate for any student interested in regulatory policy generally given parallels between bank regulation and other regulatory policy areas. Although the course includes a discussion of finance and banking terms commonly used by regulators, financial institutions, and public sector agencies that work with the financial services sector, no previous finance or banking experience is required.

Course Prerequisites: None

Required Texts:


For other required readings available for free via the web, see details below under each class. Note that in addition to the required class readings, in some cases there are a number of “additional optional readings.” These readings are for students seeking additional information on a particular topic.

Student Learning Outcomes:
As a result of completing this course, students will be able to:
1. Describe the history of major U.S. banking and financial regulation and deregulation prior to the enactment of the Dodd-Frank Act in 2010;
2. Identify alternative perspectives on the problems with the financial regulatory framework leading up to the mortgage and financial crisis of 2007-2008;
3. Understand the key changes enacted as part of the Dodd-Frank Act, including provisions related to financial stability, systemic risk, and consumer protection;
4. Understand and evaluate alternative perspectives on the Federal Reserve’s monetary policy actions and the policy debate over the appropriateness of Fed’s “dual mandate” compared to potential alternatives used by other central banks;
5. Understand the history of consumer protection regulation in the financial services sector, including consumer issues related to the regulation of high-risk mortgage lending and payday lending;
6. Identify the key provisions and policy issues associated with the Community Reinvestment Act (CRA); and
7. Describe and analyze the role that technology and innovation has played in the banking and financial services sector and the impact of this change for public policy.

Class Requirements and Grading:
Students are expected to complete the following requirements:

1. **Class Participation (15%)**: Regular course attendance is required. The class participation grade will be based on student participation in the class discussions of the assigned required readings and cases. It will also be based on student understanding of the assigned required readings as indicated by class discussions. In class, students should be prepared to discuss the assigned required readings and may be called on to answer questions or summarize assigned articles and cases. Note: students will not be expected to read the “additional optional readings” listed on the syllabus for some class sessions. As noted above, those optional readings are for students seeking more information on a particular topic.

2. **Policy Memo (30%)**: Students will write an individual policy memo related to banking and financial institutions policy. The memo will be organized in the form of a briefing for a member of Congress. The memo will provide an opportunity for students to explore the policy arguments on different sides of an emerging issue. Detailed instructions for the memo will be posted on Blackboard. In addition, students should refer to the grading rubric at the end of this syllabus for information on the factors that will be considered in grading the policy memo and the weights that will be applied to each factor.

3. **Midterm Exam (30%)**: The exam will focus on items specifically discussed in class and in the assigned readings for the class sessions prior to the exam date. It will be a short answer essay format. Additional information on the content and format of the exam will be posted on Blackboard.

4. **Final Group Presentation (25%)**: Students will divide into small groups and collaborate on a PowerPoint presentation providing an in-depth analysis of one of the major regulatory policy issues discussed in this course, including those related to monetary policy, financial stability, consumer protection in the mortgage market, or community reinvestment. Detailed instructions for the Final Group Presentation will be posted on Blackboard.

Use of Zoom for Accessing Class Sessions:
We will use the same Zoom link each week to access the class sessions. Students will be expected to be on each of the Zoom videoconference sessions in video mode (not just calling in) unless there is prior approval from the professor. To access the Zoom videoconference, use this link. Accessing the Zoom video should not require a meeting ID but, if needed, the Meeting ID is: 938 3324 6426. If you are having technical difficulty accessing with the video using the web link or you are not able to access the
internet, you should dial in using one of the following local phone numbers (you may be asked for the above-referenced meeting ID):

+1 470 381 2552 US (Atlanta)
+1 646 518 9805 US (New York)
+1 646 558 8656 US (New York)
+1 651 372 8299 US (St. Paul)
+1 786 635 1003 US (Miami)
+1 267 831 0333 US (Philadelphia)
+1 312 626 6799 US (Chicago)

See this link for a list of international call-in numbers.

**Background on Instructor:**
Joseph Firschein is Deputy Associate Director and Community Affairs Officer at the Federal Reserve Board’s Division of Consumer and Community Affairs. He leads the Board’s Community Reinvestment Act (CRA) team that is responsible for developing and implementing CRA regulations to support bank lending, investment, and services in low- and moderate-income communities. He also oversees the Board’s community development team that works with a range of stakeholders to promote the economic mobility of low-income and undeserved individuals and communities.

Prior to joining the Federal Reserve Board, Joseph served as a Director in Fannie Mae’s Housing and Community Development Division where he managed the business segment responsible for financing community development financial institutions and led the company’s efforts to sell foreclosed single family homes to public entities and nonprofits. Prior to joining Fannie Mae, Joseph managed lending to community development financial institutions at the U.S. Treasury Department Community Development Financial Institutions (CDFI) Fund and served as lead community development analyst at the U.S. Office of Management and Budget (OMB) Housing Branch. Joseph has served as a board member of several local nonprofit community development and policy organizations and is an adjunct professor at Georgetown University and George Washington University, where he teaches courses on community development finance and policy. Joseph has an MBA in Finance from the University of Maryland, Robert H. Smith School of Business; a Master of Public Policy from the University of California, Berkeley, Goldman School of Public Policy; and a B.A. in Psychology from Stanford University.
Class Schedule
(Note: Guest speakers are still being confirmed)

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<tr>
<th>Date</th>
<th>Topic</th>
<th>Reading</th>
<th>Assignment</th>
<th>Homework</th>
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<tr>
<td>Jan. 11</td>
<td>Introduction and overview: Review of course organization and assignments. What is the history of major U.S. financial regulation and deregulation prior to the enactment of the DFA? What are some of the market and regulatory problems that led to the mortgage and financial crisis of 2007-2008 and what high level policy steps did the DFA take to address these problems? To what extent are there still problems with the U.S. approach towards regulating the financial system?</td>
<td>1) Acharya V. et al. Regulating Wall Street (course textbook). Pages 1-32.</td>
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<td><strong>Additional Optional Readings:</strong></td>
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<td>2) President Trump video signing bill to cut Bank</td>
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<td><strong>Note:</strong> Guest speakers are still being confirmed</td>
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<td>Jan. 18</td>
<td>No class – Martin Luther King Day</td>
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<td>Jan. 25 Class 2</td>
<td>History and Role of the Federal Reserve: What is the history of central banking policy in the U.S.? What are the key responsibilities of the Federal Reserve, including the so-called “dual mandate” in monetary policy and how do the Fed’s responsibilities compare with those of other central banks? What was the impact of the DFA on the Fed’s responsibilities? To what extent is the Federal Reserve independent and is this appropriate?</td>
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Regulations. May 24, 2018. (Clip starts at 8:20)


5) Bernie Sanders [Video](#) on Breaking up Big Banks. April 7, 2016.

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2) Bernanke [GW Lecture #1 PowerPoint](#). March, 2012.


**Additional Optional Readings:**


Feb. 1  
Class 3  
Central Banking and the Financial Crisis: What monetary policy tools did the Federal Reserve utilize during the mortgage and financial crisis of 2007-2008 as well as the current financial crisis? What are the policy arguments for and against these tools and what are alternative perspectives on whether additional/alternative tools should be used?


Additional Optional Readings:


Bank Safety and Soundness and Systemic Risk: What is systemic risk and what are the key policy issues posed by the systemic risk of financial institutions? What policy changes were put in place after the 2008 financial crisis to address systemic risk, including changes enacted as part of the DFA? What are alternative perspectives on whether the DFA changes adequately address systemic risk problems?

Additional Optional Readings:


5) Federal Reserve Bank of Dallas. Choosing the Road to Prosperity: Why We Must End Too Big To Fail Now. 2011 Annual Report.


7) Johnson, S. “Too Big To Fail Not Fixed, Despite Dodd-Frank.” October 9, 2011.

Team assignments for Final Group Presentations will be posted on Blackboard

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<tr>
<th>Date</th>
<th>Class Assignment</th>
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<tr>
<td>Feb. 15</td>
<td>No class –President’s Day</td>
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<td>Feb. 22</td>
<td>Class 5</td>
<td>1) Acharya V. et al. Regulating Wall Street. Pages 73-84</td>
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<td></td>
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<td>2) Immergluck, D. Foreclosed. Pages 167-224</td>
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Additional Optional Readings:
| Mar. 1 Class 6 | Consumer Financial Protection Policy Issues #2: What are consumer financial protection issues associated with small dollar consumer loans (including payday loans)? What role do banks and non-banks play in this policy area and what are the challenges of regulating these loan products? What are the key provisions of the CFPB’s proposed rule to regulate payday loans? |

**Additional Optional Readings:**

1) CFPB White Paper on Payday Loans and Deposit
| Mar. 8  | CRA: What are the key policy issues related to the Community Reinvestment Act? What CRA modernization proposals have been suggested and what are the merits of the various proposals? | Advance Products.  April 24, 2013.  
Instructions will be discussed in class for the Policy Memo (these instructions are posted on Blackboard) | 1) Braunstein, S. “The Community Reinvestment Act.” Testimony Before the Committee on Financial Services. February 13, 2008.  
Additional Optional Readings:  
2) Brainard, L. “The Community Reinvestment Act; |  
Class 7 | Guest speaker: Olivia Barrow, Low Income Investment Fund |  |  |
How Can We Preserve What Works and Make it Better.”
March 12, 2019.


**Final Group Presentation**

teams should submit proposed presentation topic to instructor via e-mail

| Mar. 15 | No class – Spring Break |
| Mar. 22 | Midterm Exam | No assigned readings |
| Class 8 | |

**Additional Optional Readings:**
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| Apr. 5 | Class 10 | Fintech: What are the implications for public policy of the proliferation of venture capital-funded technology companies seeking to provide lending and financial services (often referred to as fintech)? In particular, what challenges and opportunities do these firms pose for a range of stakeholders, including banks, regulators, and consumers? | 1) Stein, Kara. *Statement on Proposed Revisions to Volker Rule*, June 5, 2018.  

**Additional Optional Readings:**

1) National Fair Housing Alliance. [Information on Facebook Settlement](https://www.nationalfairhousing.org/fair-housing/facebook-settlement/).  
### Housing Finance Reform and the Government Sponsored Enterprises (GSEs)

- **April 12, Class 11**

  **Housing Finance Reform and the Government Sponsored Enterprises (GSEs):** What is the history of the GSEs – Fannie Mae and Freddie Mac -- and what role did they play leading up to the financial and mortgage crisis of 2007 and 2008? What are alterative policy proposals related to the future of the GSEs and what is the potential impact of the Trump Administration’s proposed wind-down of the GSEs?

### Additional Readings


### Additional Optional Readings:


2. **FHFA Final Rule on Duty to Serve.** December 2016.

Apr. 19
Class 12

Financial Inclusion and Fair Housing: What are the key policy issues related to unbanked and under-banked households? What are the policy issues associated with fair housing, including HUD’s Affirmatively Furthering Fair Housing rule?


Additional Optional Readings:


3) Yellen, J. “The Importance of Asset Building for Low and Middle Income Households.” September 18, 2014.


April 26
Class 13
Final Group Presentation
Team Meetings: No in-class lecture; time available for teams to meet on final group presentation
No assigned readings

May 3
Class 14
Final Group Presentations
Completed Final Group Presentations to be presented via Zoom

Policy Memo Grading Rubric:

- **Content – 80%**
  - Complexity, depth of the response, and demonstrated understanding of the subject
  - Clarity and accuracy when describing key concepts
  - Making conclusions and/or recommendations that are supported by the information in the memo and/or in other cited materials

- **Quality of Writing – 20%**
  - Following the page length and/or format requirements
  - Grammar and punctuation, spelling, and sentence structure
Organization and coherence of ideas
Supporting the analysis with references that add value to the analysis and support the conclusions/recommendations

University Policies:

University Policy on Religious Holidays
1. Students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance.
2. Faculty should extend to these students the courtesy of absence without penalty on such occasions, including permission to make up examinations.
3. Faculty who intend to observe a religious holiday should arrange at the beginning of the semester to reschedule missed classes or to make other provisions for their course-related activities.

Support for Students Outside the Classroom
1. Disability Support Services (DSS): Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information please refer to: http://disabilitysupport.gwu.edu/
2. Mental Health Services 202-994-5300: The University's Mental Health Services offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include: crisis and emergency mental health consultations confidential assessment, counseling services (individual and small group), and referrals. counselingcenter.gwu.edu/

Academic Integrity Code
Academic dishonesty is defined as cheating of any kind, including misrepresenting one's own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information. For the remainder of the code, see: studentconduct.gwu.edu/code-academic-integrity

Out of Class Learning
Average minimum amount of independent, out-of-class, learning expected per week: In a 15 week semester, including exam week, students are expected to spend a minimum of 100 minutes of out-of-class work for every 50 minutes of direct instruction, for a minimum total of 2.5 hours a week.