



**Contemporary
Issues in Finance -
Lecture 1**

Lesson Title: Introduction to Contemporary
Issues in Finance

Instructor: Dr. Mary Githinji

Course Overview

This course introduces postgraduate students to contemporary issues shaping the global financial landscape. The rapid evolution of finance is driven by technology, sustainability, globalization, regulation, and inclusive growth. You will critically examine emerging trends such as financial technology disruption, digital assets, sustainable finance, financial inclusion, and regulatory reforms. The course provides a holistic framework to analyze opportunities, challenges, and future trajectories of modern finance





Course Objectives

| Be | Understand | Analyze | Evaluate | Assess | Examine | Explore |
|--|--|--|---|---|--|---|
| By the end of this course, students will be able to: | Understand the drivers of change in contemporary finance and their implications for financial markets, institutions, and policy. | Analyze the impact of financial technologies, cryptocurrencies, and digital assets on traditional finance. | Evaluate the role of sustainable finance, ESG investing, and inclusive finance in addressing global challenges. | Critically assess the risks and opportunities in emerging markets and under conditions of global uncertainty. | Examine the importance of regulation, cybersecurity, and compliance in safeguarding financial stability. | Explore financial innovation and its implications for the future of global finance. |



Learning Outcomes

Upon successful completion, students will be able to:

Knowledge:

Demonstrate a comprehensive understanding of current debates in finance, including FinTech, digital currencies, and sustainable investing.

Identify the key regulatory, technological, and economic challenges influencing financial systems globally.

Learning Outcomes

Upon successful completion,
students will be able to:



Skills:

Apply behavioral finance insights to real-world decision-making and policy design.

Evaluate emerging market risks and opportunities in investment and development contexts.

Develop critical perspectives on the role of finance in promoting sustainability and inclusivity.

Learning Outcomes

Upon successful completion, students will be able to:

Competencies:

Critically analyze case studies involving financial disruptions, crises, or innovations.

Communicate effectively about contemporary finance issues in both academic and professional contexts.

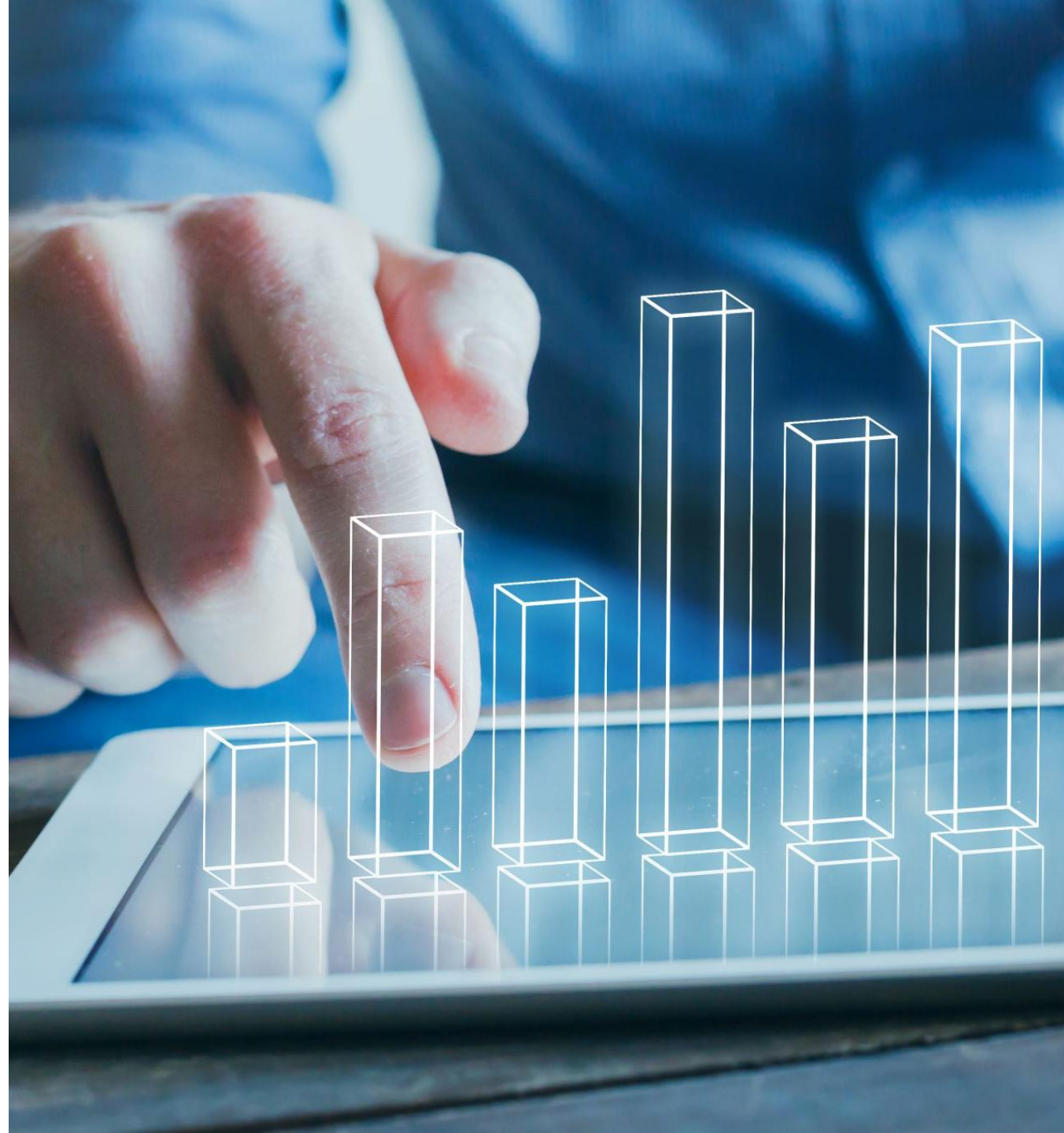
Demonstrate awareness of ethical, social, and technological dimensions of financial decision-making.

Introduction to Contemporary Issues in Finance

Finance is rapidly evolving.

Key drivers: technology,
sustainability, regulation,
inequality.

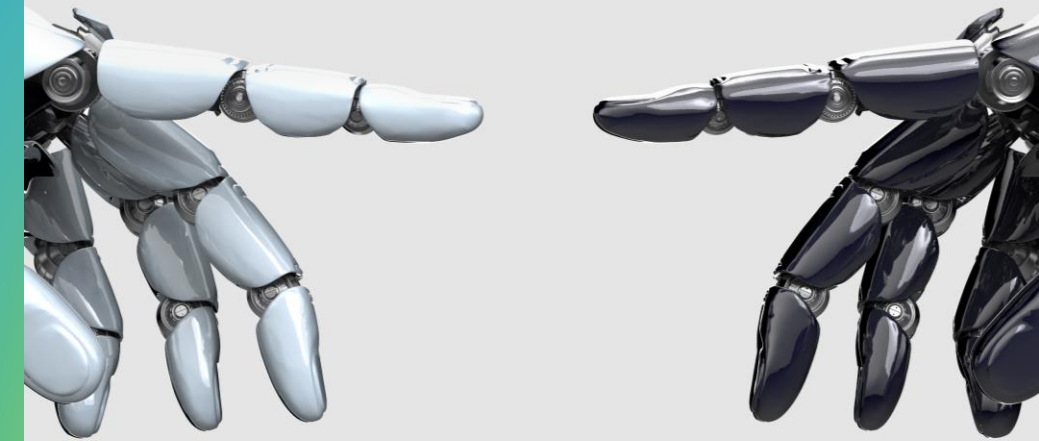
Importance: prepares future
leaders to navigate complex
financial systems.



Question

Can you think of issues that have affected the financial world in the recent times?





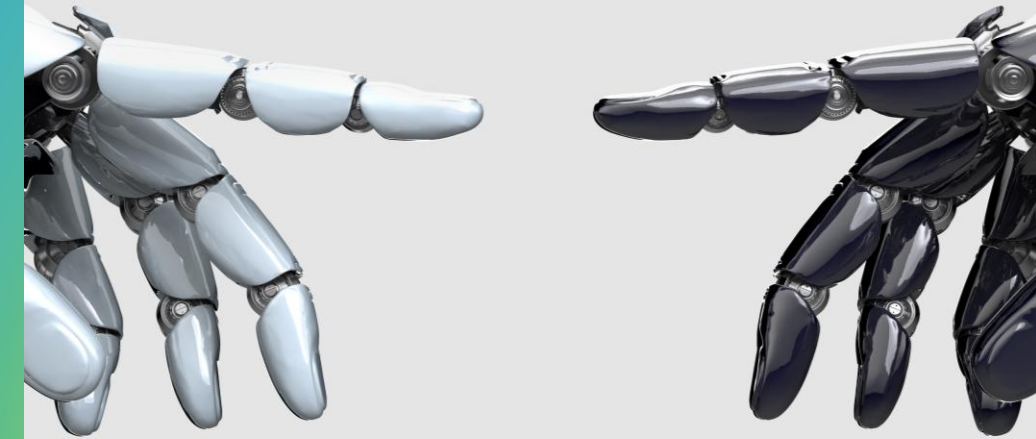
FinTech Disruption

Financial technology, or FinTech, has transformed how financial services are delivered. FinTech has democratized access to financial services while challenging traditional institutions (Arner, Barberis, & Buckley, 2016).

FinTech Disruption

Key Areas of Transformation:

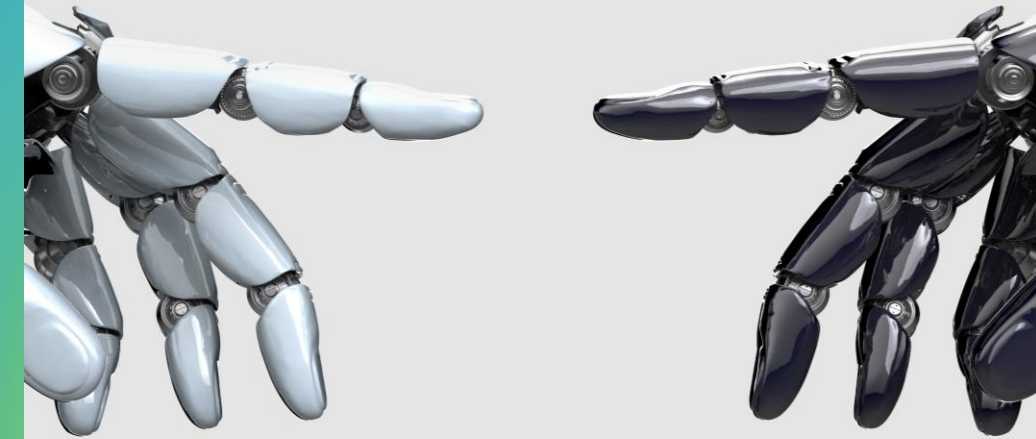
- Digital Payments and Mobile Banking
- Robo-Advisors and WealthTech
- Peer-to-Peer (P2P) Lending and Crowdfunding
- InsurTech and RegTech
- Blockchain and Decentralized Finance (DeFi)



FinTech Disruption

Benefits of FinTech

- Accessibility
- Cost Efficiency
- Speed and Convenience
- Personalization



Cryptocurrency and Digital Assets

Cryptocurrencies are decentralized, cryptographically secured digital currencies that operate on distributed ledger technology, most commonly blockchain. The first and most well-known cryptocurrency



Cryptocurrency and Digital Assets

Key Components of the Digital Asset Ecosystem:

- Cryptocurrencies
- Stablecoins
- Decentralized Finance (DeFi)
- Non-Fungible Tokens (NFTs)
- Central Bank Digital Currencies (CBDCs)



Cryptocurrency and Digital Assets

Opportunities and Benefits

- Decentralization.
- Innovation.
- Financial Inclusion.
- Borderless Transactions.
- Diversification.



Question

How does your thinking affect your Financial decisions?



Behavioral Finance in Practice

Behavioral finance integrates insights from psychology, economics, and neuroscience to explain these deviations. human psychology often challenges rational decision-making, leading to systematic biases that affect both individual financial choices and broader market dynamics (Shiller, 2015)

Behavioral Finance in Practice

Common Behavioral Biases

- Overconfidence Bias
- Herd Behavior
- Loss Aversion
- Anchoring and Mental Accounting

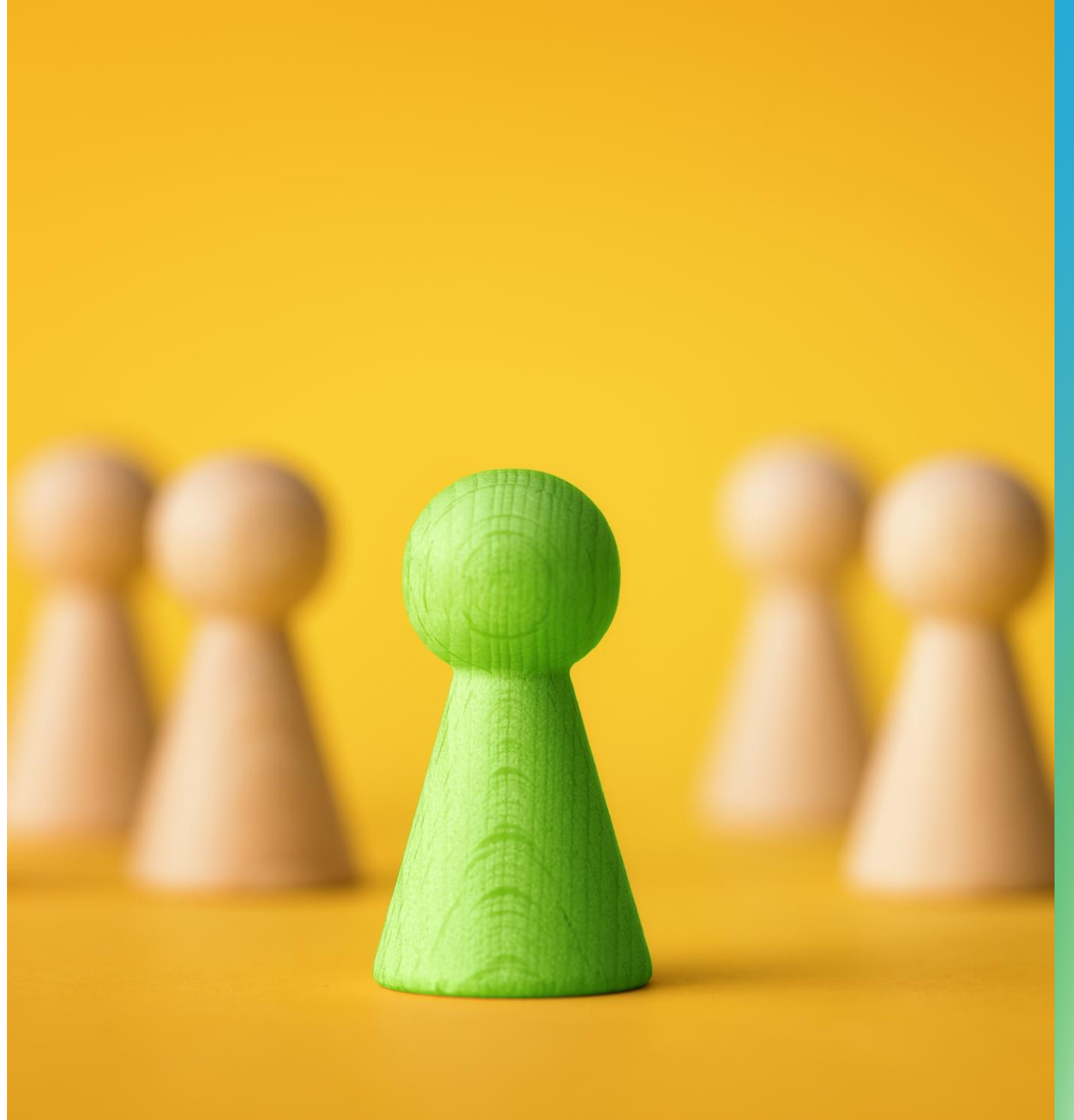
A close-up photograph of a person's hand holding a single green leaf. The hand is positioned in the lower-left corner, with fingers gently cupping the leaf. The leaf is vibrant green with visible veins and is attached to a thin brown stem. The background is a soft, out-of-focus green, suggesting a natural, outdoor setting. The overall image conveys a sense of care, sustainability, and nature.

Sustainable Finance and ESG Investing

- ESG criteria influence investments.
- \$35 trillion+ in ESG assets globally.
- Benefits: risk management, reputation, long-term value.
- Challenges: greenwashing, inconsistent standards.

Microfinance and Financial Inclusion

Microfinance refers to the provision of small-scale financial services including credit, savings, and insurance to individuals and communities who lack access to traditional banking. (Armendáriz & Morduch, 2010).



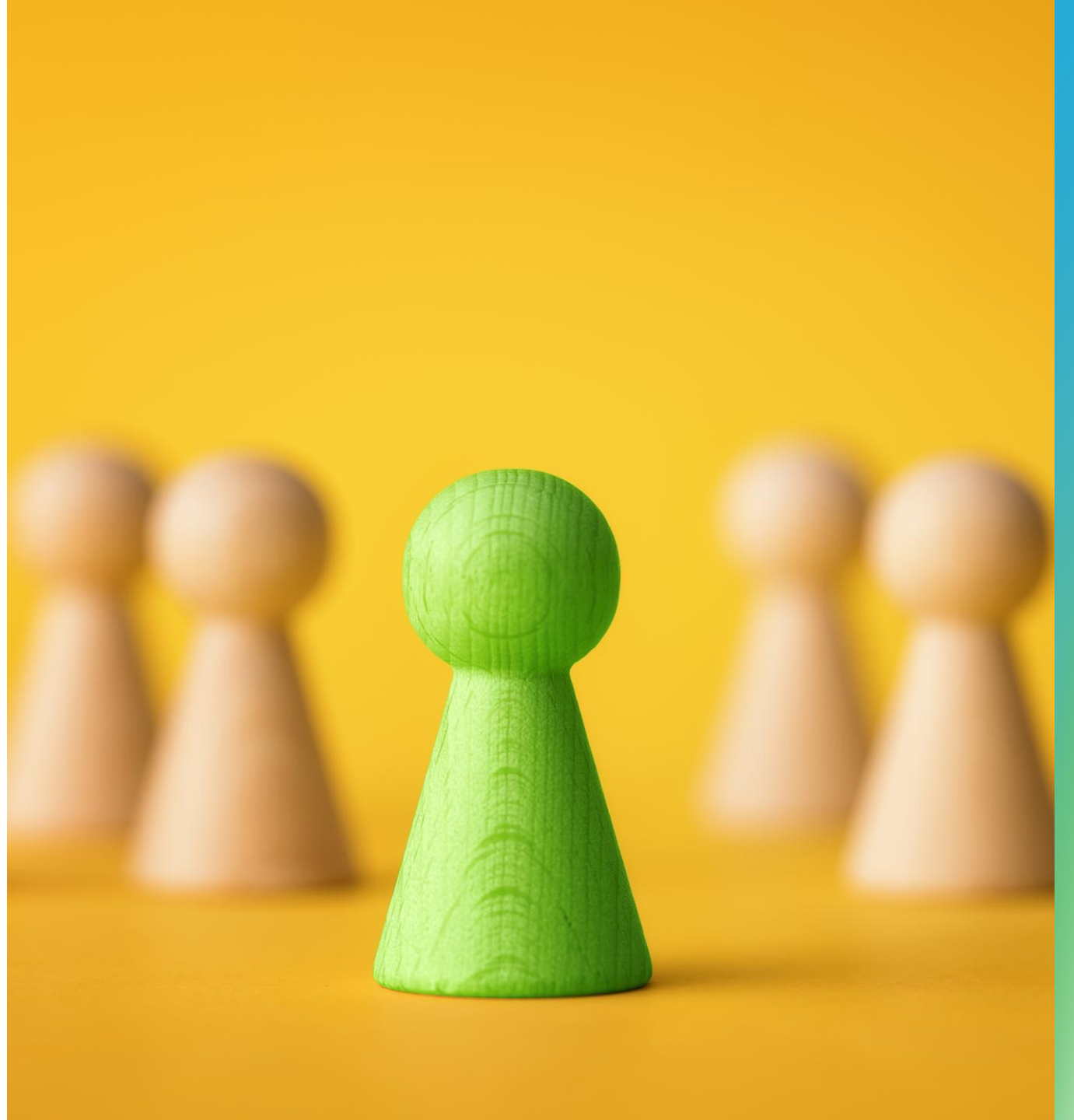
Microfinance and Financial Inclusion

Core Contributions of Microfinance

- Credit Access for the Underserved
- Entrepreneurship and Poverty Reduction.
- Social Empowerment

Criticisms and Challenges

- High Interest Rates
- Over-Indebtedness
- Limited Long-Term Impact



Emerging Market Finance

1. Opportunities: rapid growth, resource potential.
2. Risks: currency volatility, weak institutions.
3. Vulnerable to global shocks (rates, geopolitics).

Global Uncertainty & Market Volatility



- COVID-19, geopolitical tensions, supply chain crises.
- High sensitivity to shocks in equities, currencies, commodities.
- Risk management and diversification are essential.

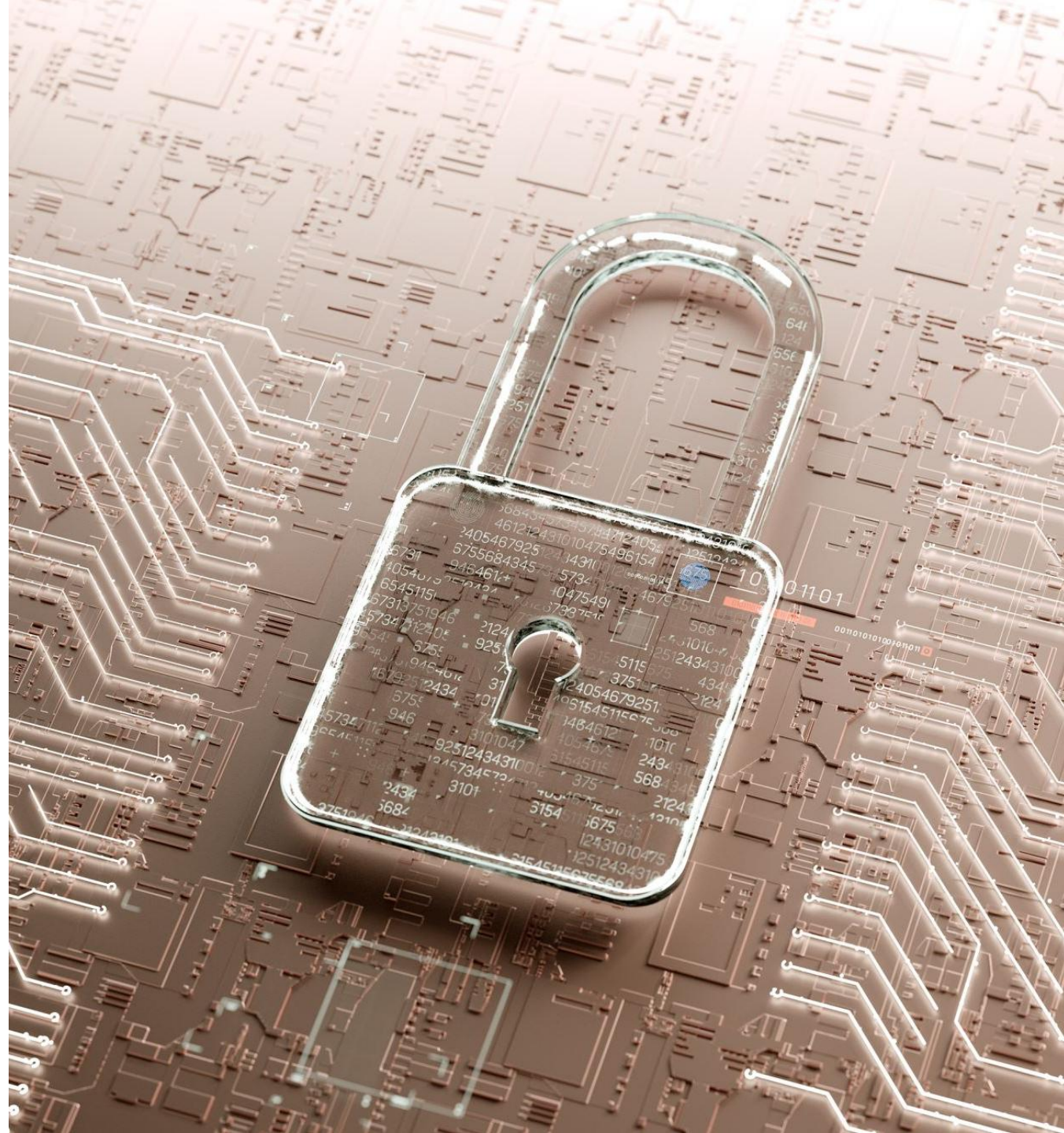
Cybersecurity & Data Privacy

Finance is a prime target for cyberattacks.

Threats: data theft, system disruptions.

Regulations: GDPR, sector standards.

Ongoing challenge: balancing innovation & security.



Cybersecurity & Data Privacy

Major Threats Facing Financial Institutions

- Data Theft and Identity Fraud .
- Ransomware and System Disruptions .
- Insider Threats
- Third-Party Vulnerabilities



Regulatory Reforms & Compliance

Post-2008
reforms: Basel III,
Dodd-Frank,
MiFID II.

Adapting to
FinTech, crypto,
globalization.

Issues:
compliance costs,
regulatory
arbitrage.

Wealth Inequality & Inclusive Finance

Inequality is growing globally.

Finance can both widen and bridge the gap.

Inclusive finance: access to credit, affordable services.

Structural reforms are essential.



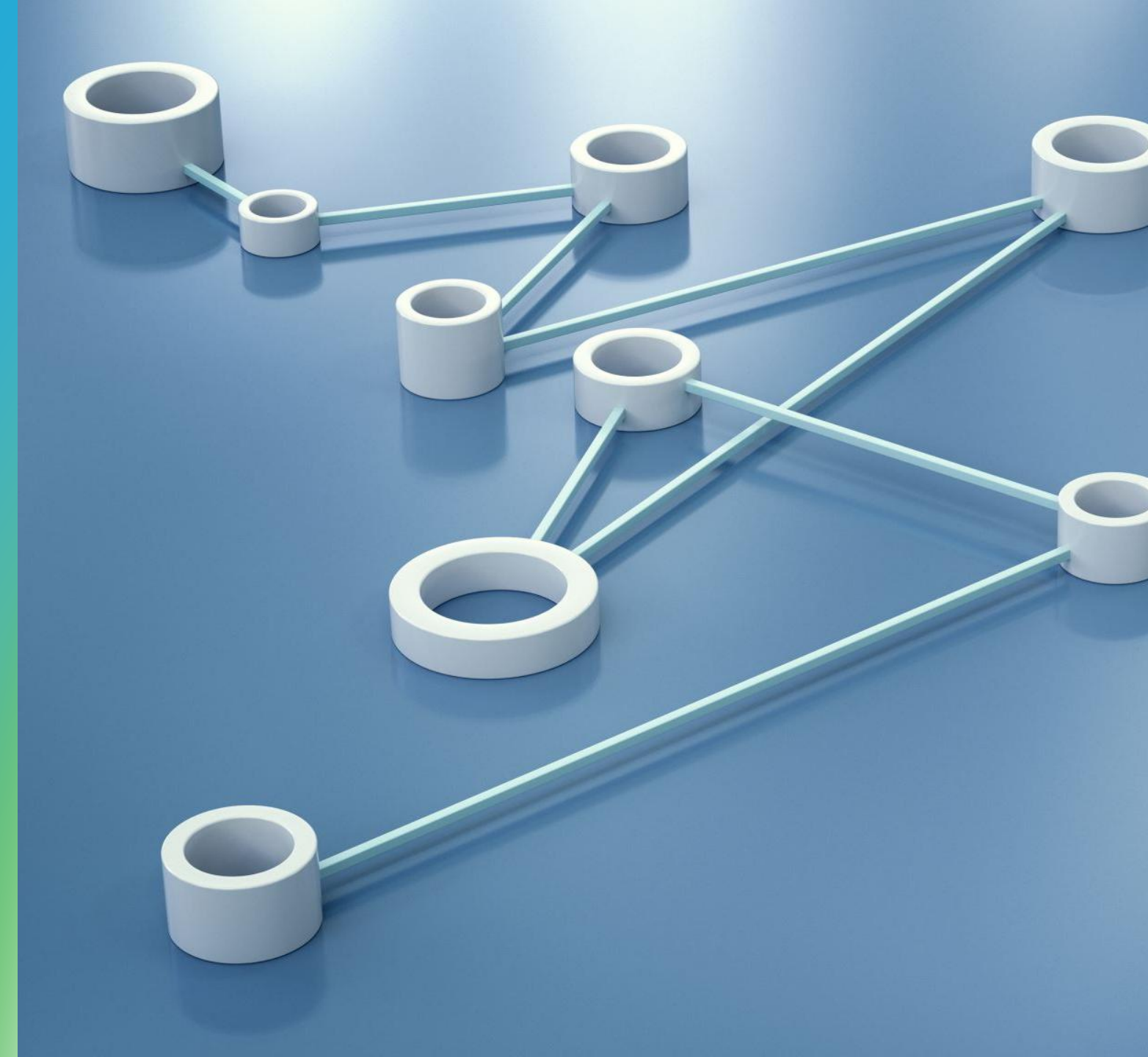
Financial Innovation & the Future

AI in trading, tokenization, decentralized finance.

Opportunities: efficiency, access, sustainability.

Challenges: regulatory uncertainty, tech risks, ethics.





Conclusion

- Finance is shaped by rapid change and global challenges.
- Technology, regulation, sustainability, and inclusion are central themes.
- Future leaders must engage critically with these issues.

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Thank you