SDG forum 2022 - Teaching finance

- 1. context
  - 1. critique of business school education
    - regular calls for more responsibility in business school
      - ex: public resignation of LSM professor this month.
    - little to no focus on economics and finance education in particular .
  - 2. state of climate and earth
    - Anthropocene era
    - IPCC report 2021
    - great acceleration provoked by our current economic model:
      - neo-liberal vision of the economy
      - financialization of companies and society governs exchanges, strategies and social relations
  - 3. sustainable finance becoming mainstream
    - Global Sustainable Investment Alliance (GSIA, 2020) has announced that one in three assets worldwide (or more than US$30 trillion) would be managed sustainably or responsibly,
      - yet...
        - Less than 1% of investment funds is aligned with targets to limit global warming to 1.5°C, offering instead a perspective of +2.75°C (CDP, 2021).
  - 4. sustainable finance is taught in some school (Belinga 2021 study):
    - but presented as part of the dominant paradigm, in search for financial materiality
    - The teaching of sustainable economics and finance needs to propose different values
  - Question 1 to panel: what is you wish you had been taught about finance at school?
- Need
  - How to make finance work for sustainability, and how to teach it?
    - which is different from teaching "sustainable finance"
    - teach finance in a way that it becomes a tool for strong sustainability
- proposing new ontology to teach
  - problems of teaching the neoliberal financial paradigm
    - supposes a rational, independent, agent with optimal equilibriums. suppported by many tools
      - markowitz's portfolio theory
      - black and scholes' option pricing
      - Sharpe's CAPM
      - Fama's market efficiency
      - agency theory and it's maximization of shareholder value
      - at odds with social and ecological realities
    - created a whole language and way of thinking adopted in the political sphere, business sphere, in research and in business school education
      - even when teaching sustainability
      - sustainability = externality to be valued and monitized, to see how it can contribute to maximizing shareholder value
        - this is what many of our master thesis do :-(for lack of other tools and paradigms
    - limitless ressources, unbounded growth, technologically derived solutions
  - Solution: teaching finance and economics in a heterodox and pluralist paradigmatic view
    - rejecting one paradigm and proposing no alternative = rejecting science. So what are the alternatives?
      - Critical management studies
      - Ecological Finance Theory
      - Ecological economics
      - Feminist finance
      - Donut economics
    - Thus, the teaching of economics and finance would seem to resemble more a political philosophy, an ideological dogma (Ghoshal, 2005) than a desire to describe the real world.
      - it has falsly been presented as the truth, with the real world being wrong if it doesn't align to finance theory.
    - answer = transdisciplinarity. Economics and finance education must be at the crossroads of all the social and natural sciences of which it is a part, with sustainability as a guiding principle
  - Question 2 to panel: what alternative views of finance do you find helpful and do you think should be taught for a more pluralist approach of finance?
- proposing new metaphores to teach
  - complex thinking (Morin)
    - study links between the whole and the parts, and between the parts
  - Transdisciplinarity
    - hyperspecialization makes it very difficult to assemble all the parts into a whole
    - we often limit oursuleves to multidisciplinarity
      - In the context of sustainability, this could mean that a course in sustainable development is offered in a curriculum of financial courses to understand societal issues, but without questioning business as usual and the growth model that consumes natural and human resources. However, if there is one area in which the transdisciplinary approach appears to be fundamental, it is in sustainability. It
  - Hierarchy and resilience
    - the financial system is not above in the hierarchy
      - teach the earth system as above in the hierarchy, with economic system below, and financial system under in the hierarchy, as a tool for the others.
    - should teach a more resilient financial system, reintroducing
      - diversity, lacking through banking and financial concentration (systemic risk), standardisation of processes and tools (same rating agencies, same data, agents sensitive to the same signals, etc.),
      - recycling and circularity, lacking from monetary flows diverted from the investment cycles of the real economy, tax injustice, social inequalities, etc.)
      - self-regulation, lacking non-regulated markets, tax havens, leverage, short selling, shadow banking, etc.),
      - compartmentalisation, lacking when finance connects domains in an instantaneous and universal manner, and where interconnected actors aim for the same resource (liquidity),
  - Philia and impact
    - rebuild a perspective that is no longer centred on price-value but rather on the ethical act
    - The financial act must be seen as an act of impact whose aim is to generate a positive and social impact, therefore excluding the production of negative ecological or social impacts (
      - no education should offer a vision where finance does not serve a bioeconomic logic
- in practice, how do we achieve this new teaching? The SuFi case
  - 1. fundamentals
    - Session 1: the purpose of finance
      - 1. understand from a philosophical point of view the mission and role of finance
      - 2. Epistemology and philosophy of financial models
    - Session 2: Systemic thinking
      - the limits of our models and metrics, an introduction to complex thinking,
  - 2. Financial tools and practices under a sustainable prism
    - Session 3: banking and financial inclusion
    - Session 4: Sustainable investing
      - ESG, impact investing, impact measurement
    - Session 5: Sustainable and ESG Risks Management
      - Climate-related financial risks (CRFR) management, rating and labels, regulation,...
    - Session 6: imagining new futures
      - what if...
  - Question 3 to panel: what are your key takeaways of the SuFi master class
- Discussion
  - question 6 to room: why is teaching finance for sustainability not the norm?
  - Question 5 to room: What should a curriculum of teaching finance for sustainability look like?
  - Question 4 to Room: Who can do it? The individual responsibility of academics in the Anthropocene era
    - a question of calling and passion?
    - This means teaching as if sustainability issues matter, adopting a questioning attitude
    - +How we teach is essential. requires a transformative pedagogy by starting from learners' prior beliefs and offering a critical pedagogy overcomes and eliminates the paradox, thus helping societies to develop
      - Adopter des méthodologie qui exercent l'imagination. What if questions, Open Forum, débats, etc... Ici la méthodologie mise en avant dans le cours d'Ethique en finance – mets l'accent sur l'action, et la réflexion avant et après, en tenant compte de tous les impacts de ses decisions.