

**City University of Hong Kong
Course Syllabus**

**offered by Department of Economics and Finance
with effect from Semester B 2018/19**

Part I Course Overview

Course Title:	<u>International Finance and Banking</u>
Course Code:	<u>EF4331</u>
Course Duration:	<u>1 Semester</u>
Credit Units:	<u>3</u>
Level:	<u>B4</u>
Proposed Area: <i>(for GE courses only)</i>	<input type="checkbox"/> Arts and Humanities <input type="checkbox"/> Study of Societies, Social and Business Organisations <input type="checkbox"/> Science and Technology
Medium of Instruction:	<u>English</u>
Medium of Assessment:	<u>English</u>
Prerequisites: <i>(Course Code and Title)</i>	<u>CB3410 Financial Management or FB3410 Financial Management AND CB2402 Macroeconomics or EF2401 Economic II or FB2401 Economic II AND EF4420 Derivatives Analysis and Advanced Investment Strategies or EF4320 Advanced Security Analysis and Portfolio Management or EF4321 Derivatives and Risk Management</u>
Precursors: <i>(Course Code and Title)</i>	<u>EF4334 Regulation and Management of Financial Institutions</u>
Equivalent Courses: <i>(Course Code and Title)</i>	<u>Nil</u>
Exclusive Courses: <i>(Course Code and Title)</i>	<u>Nil</u>

Part II Course Details

1. Abstract

This course aims to familiarize students with international financial management, provide a solid background on banking from the international perspective, and enhance students' ability in making sound financial decisions for banks and firms in a complex and global economy.

The course also aims to develop students' creative and innovative abilities through various assessment tasks that involve the discovery and innovative process. Lectures would encourage students to develop their discovery abilities through class discussions and Q&A throughout the lecture sessions. Problem sets and essays would require students to discover and innovate through the use of course material and the relevant databases. Students would get to know how to use these tools to come up with their own analyses on important issues related to international financial management and banking. The final exam will be comprehensive which evaluates the students' accomplishments of discovery and innovation.

2. Course Intended Learning Outcomes (CILOs)

(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

No.	CILOs [#]	Weighting* (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	A2	A3
1.	Explain various theories, e.g., the purchasing power parity, on the determination and exchange rate, and evaluate their use in forecasting future exchange rates.	25%	√	√	√
2.	Explain the functions, operations, and performance evaluations of banks; interpret the role of regulatory organizations in the environment of international banking that can influence the location, operation, and decisions of international banks.	20%	√	√	√
3.	Interpret the operations of central banks and money creation. Students would discover how to apply this tool to analyse real world issues such the impact of QE on HK financial and real estate markets.	10%	√	√	√
4.	Analyze the trading in foreign exchange markets and features of various foreign exchange derivative assets as financial tools provided by international banks to their multinational corporation clients.	25%	√	√	√
5.	Manage the interest rate risk and foreign exchange risk for international businesses using derivatives contracts and other tools. Students would discover how to use these and their innovative skills by structuring solutions to address the particular hedging needs of the bank or the firm.	20%	√	√	√
		100%			

* If weighting is assigned to CILOs, they should add up to 100%.

Please specify the alignment of CILOs to the Gateway Education Programme Intended Learning outcomes (PILOs) in Section A of Annex.

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to self-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

3. Teaching and Learning Activities (TLAs)

(TLAs designed to facilitate students' achievement of the CILOs.)

TLA	Brief Description	CILO No.					Hours/week (if applicable)
		1	2	3	4	5	
Lectures	Lecturer encourages students to think critically and logically by asking students to respond to questions and getting students to solve the problems by themselves rather than the lecturer giving out the solutions without engaging students.	√	√	√	√	√	3 hours per week
In-class discussion	In class, discussions are highly encouraged as it would enhance students' communication skills, critical thinking and develop students' creative and innovative abilities.	√	√	√	√	√	
Problem sets	To enhance students' understanding of lecture materials and to allow students to perform analyses on banking and global issues using relevant databases. This is important to develop students' abilities and skills to discover and innovate. BankScope is among the most important databases for financial and banking analysis.	√	√	√	√	√	
Essays	Written essay assignments bring out the creative elements of students, lead them to organize their work and think critically, and provide them opportunities to innovate by putting forward solutions and suggestions to address problems. Possible written essay assignments (students are also welcome to pick-up their own topics): 1. Should China liberalise the capital account? 2. Should HKD de-peg from USD and peg to CNY or to a basket of currency? 3. Should Greece leave the Eurozone? 4. Ethical issues in China's banking and securities industry? 5. Comparison of the differences in regulatory structure between China and the US.	√	√	√	√	√	

4. Assessment Tasks/Activities (ATs)

(ATs are designed to assess how well the students achieve the CILOs.)

Assessment Tasks/Activities	CILO No.					Weighting*	Remarks
	1	2	3	4	5		
Continuous Assessment: 40%							
Problem sets Students are required to complete in-class and/or homework assignments that will allow them to apply concepts taught during lecture or presented in the textbook and other reading materials.	√	√	√	√	√	20%	
Essays Students are given opportunities to write reports that require them to independently formulate and answer their own course-related economic research questions by gathering and analysing relevant financial data.	√	√	√	√	√	20%	
Examination: 60% (duration: 3 hours, if applicable)							
Final exam Students will be assessed through an exam that will test their understanding of the concepts presented in class, textbook, and related reading materials.	√	√	√	√	√	60%	
						100%	

* The weightings should add up to 100%.

5. Assessment Rubrics

(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Fair (C+, C, C-)	Marginal (D)	Failure (F)
Problem sets	Effective exercises on course materials	Show excellent evidences of effective exercises	Show good evidences of effective exercises	Show reasonable evidences of effective exercises	Show some evidences of effective exercises	Does not show evidence of effective exercises
Essays	Effective presentation and applications on course materials	Excellent presentation and applications of course materials	Good presentation and good applications of course materials	Reasonable presentation and reasonable applications of course materials	Some evidences of reasonable presentation and reasonable applications of course materials	No evidences of reasonable presentation and reasonable applications of course materials
Final Exam	Effective mastery of course materials	Excellent mastery of course materials	Good mastery of course materials	Reasonable mastery of course materials	Some evidences of the mastery of course materials	No evidences of the mastery of course materials

Part III Other Information (more details can be provided separately in the teaching plan)

1. Keyword Syllabus

1. International monetary system, current exchange rate arrangements, European monetary system, fixed versus flexible exchange rate regimes.
2. Balance of payments accounts, balance of payments identity. Current account, capital account, changes in reserves, the meaning of a deficit or surplus.
3. Foreign exchange market: Foreign exchange market quotations, premium and discounts on forward quotations.
4. International parity relationships: purchasing power parity, Fisher effect, International Fisher effect, interest rate parity, forecasting exchange rates.
5. Derivatives on foreign exchange, interest rate and currency swaps, foreign exchange risk, transaction exposure, economic exposure, translation exposure.
6. International banking, international banking services, international banking offices, commercial banking and investment banking.
7. International portfolio investment, optimal international portfolio selection.
8. Offshore financial centers.
9. Bank crashes, bank supervision, regulation.
10. Money laundering, anti-money laundering.
11. Country risk, international debt crisis.
12. Current issues in global banking.

2. Reading List

2.1 Compulsory Readings

(Compulsory readings can include books, book chapters, or journal/magazine articles. There are also collections of e-books, e-journals available from the CityU Library.)

1.	Cheol S. Eun and Bruce G. Rensnick, ER: International Financial Management, latest Edition, McGraw-Hill Companies, Inc.
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2.2 Additional Readings

(Additional references for students to learn to expand their knowledge about the subject.)

Online Resources

1.	http://www.info.gov.hk/hkma
2.	http://www.worldbank.org
3.	http://www.imf.org
4.	http://www.bis.org