

EF4331: INTERNATIONAL FINANCE AND BANKING

Effective Term

Semester A 2022/23

Part I Course Overview

Course Title

International Finance and Banking

Subject Code

EF - Economics and Finance

Course Number

4331

Academic Unit

Economics and Finance (EF)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

3

Level

B1, B2, B3, B4 - Bachelor's Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

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

Precursors

EF4334 Regulation and Management of Financial Institutions

Equivalent Courses

Nil

Exclusive Courses

Nil

Part II Course Details

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.

Course Intended Learning Outcomes (CILOs)

CILOs		Weighting (if app.)	DEC-A1	DEC-A2	DEC-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	x	x	x
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	x	x	x
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	x	x	x
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	x	x	x
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	x	x	x

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 real-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.

Teaching and Learning Activities (TLAs)

	TLAs	Brief Description	CILO No.	Hours/week (if applicable)
1	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.	1, 2, 3, 4, 5	3 hours per week
2	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.	1, 2, 3, 4, 5	
3	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.	1, 2, 3, 4, 5	

4	Essays	<p>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.</p> <p>Possible written essay assignments (students are also welcome to pick-up their own topics):</p> <ol style="list-style-type: none"> 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. 	2, 3, 4	
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Assessment Tasks / Activities (ATs)

	ATs	CILO No.	Weighting (%)	Remarks (e.g. Parameter for GenAI use)
1	<p>Problem sets</p> <p>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.</p>	2, 3, 4	20	

2	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.	2, 3, 4	20	
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Continuous Assessment (%)

40

Examination (%)

60

Examination Duration (Hours)

3

Assessment Rubrics (AR)**Assessment Task**

Problem sets

Criterion

Effective exercises on course materials

Excellent (A+, A, A-)

Show excellent evidences of effective exercises

Good (B+, B, B-)

Show good evidences of effective exercises

Fair (C+, C, C-)

Show reasonable evidences of effective exercises

Marginal (D)

Show some evidences of effective exercises

Failure (F)

Does not show evidence of effective exercises

Assessment Task

Essays

Criterion

Effective presentation and applications on course materials

Excellent (A+, A, A-)

Excellent presentation and applications of course materials

Good (B+, B, B-)

Good presentation and good applications of course materials

Fair (C+, C, C-)

Reasonable presentation and reasonable applications of course materials

Marginal (D)

Some evidences of reasonable presentation and reasonable applications of course materials

Failure (F)

No evidences of reasonable presentation and reasonable applications of course materials

Assessment Task

Final Exam

Criterion

Effective mastery of course materials

Excellent (A+, A, A-)

Excellent mastery of course materials

Good (B+, B, B-)

Good mastery of course materials

Fair (C+, C, C-)

Reasonable mastery of course materials

Marginal (D)

Some evidences of the mastery of course materials

Failure (F)

No evidences of the mastery of course materials

Part III Other Information

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.

Reading List

Compulsory Readings

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

Additional Readings

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