



CIEE Global Institute – London

Course name:	International Finance
Course number:	(GI) BUSI 3001 LNEN
Programs offering course:	London Open Campus (Business Track)
Language of instruction:	English
U.S. semester credits:	3
Contact hours:	45
Term:	Spring 2020

Course Description

This course provides students with an overview of the dynamics of the global financial and international monetary systems, with special emphasis on the City of London as a world financial hub. Students develop knowledge of the fundamental concepts needed to understand foreign direct investment, financial flows, international trade and investment deals. As political risk and economic exposure to global events has become more immediate, special attention will be given to the 2007-2012 world banking crisis, the role of central banks in the stabilization of national economies, the European debt crisis, and the particular role of the United Kingdom and its contribution and criticisms during intra-EU negotiations.

Learning Objectives

The learning objectives of this course include:

- To gain an understanding of basic financial concepts and their application to the very intricate web of international economic and financial transactions.
- To deepen the understanding of the determinants of international financial transactions and their consequences in the present-world economic and financial order.
- To comprehend the decisions taken by various agents (governments, multinational corporations, public and private banks) and how these interact in the international financial markets.
- To learn how to read and analyze economic and market indicators for a better understanding of the world panorama of economics and finance.
- To understand and apply these criteria to financial decisions taken within multinational corporations for effective governance.

Course Prerequisites

Previous coursework in microeconomics, macroeconomics and international economics (which should include the basics of international trade) are course prerequisites. This course is not suitable for students with no previous economics classes.

Methods of Instruction



The course will be highly interactive between the instructor and the students. Students are expected to do the required readings before class so they can discuss the material among themselves and with the instructor. PowerPoint presentations, including short video clips, will be used by the instructor to introduce the material required. Students are expected to prepare questions based on their reading and interact thoughtfully in class. The list of online references at the end of the syllabus includes web sites on financial information that should be consulted daily during the course, as finance is a dynamic and changing discipline that needs constant updating; therefore the students will be responsible for checking selected web sites daily for in-class discussion.

Assessment and Final Grade

Midterm Examination	20%
Final Examination	25%
Two Summary Papers (7.5% each)	15%
Group Presentation	20%
Participation	20%

Course Requirements

Midterm and Final Exams

The closed-book midterm examination will consist of the material covered during the first three weeks of class, including the PowerPoint presentations by the instructor, the readings given for those weeks and the in-class discussions. You will be asked to write short essays on examples discussed in class. Likewise, the final exam will cover all the course material for a similar examination.

Summary Papers

The summary papers are due on the last day of class in Weeks 2 and 4. These should be 500-600 words (2 pages in length) and should include a brief summary of a visit to a local company that is international in its outlook. An example would be an interview with a manager at a local branch of a bank (Royal Bank of Scotland, Natwest, Cooperative Bank, Barclays, HSBC, Lloyds Bank, TSB Bank, for instance) to understand British financial management styles and how they differ with US styles. Students will make most visits in small groups; one of the visits will be at the Treasury in London or an international bank, accompanied by the professor.

Group Presentation

The in-class presentation will be delivered by the students in groups of no more than 4 students. Each will choose a topic on international finance, which the instructor will give to the students on the first day of class, as case studies. The presentation should be in PowerPoint format and each group participant will present a part of the presentation, although all members should be familiar with the whole topic. The presentation should not last more than 20 minutes and will be followed by a Q&A session. Of utmost importance is to illustrate the theoretical arguments with real-life financial examples.



Participation

As part of your work in this course, students should demonstrate learning beyond the submission of written assignments or presentations. As such, all students receive grades based upon participation.

Participation is valued as meaningful contribution in the digital and tangible classroom, utilising the resources and materials presented to students as part of the course. Students receive grades based upon their contributions both in the classroom and in the Canvas course. Meaningful contribution requires students to be prepared, as directed by the Instructor, in advance of each class session. Students must clearly demonstrate they have engaged with the materials where directed.

This includes valued or informed engagement in, for example, small group discussions, online discussion boards, peer-to-peer feedback (after presentations), interaction with guest speakers, and attentiveness on co-curricular and outside-of-classroom activities.

Attendance Policy

Regular class attendance is required throughout the program, and all unexcused absences will result in a lower participation grade for any affected CIEE course. Due to the intensive schedules for Open Campus and Short Term programs, unexcused absences that constitute more than 10% of the total course sessions will also result in a lower final grade.

Students who transfer from one CIEE class to another during the add/drop period will not be considered absent from the first session(s) of their new class, provided they were marked present for the first session(s) of their original class. Otherwise, the absence(s) from the original class carry over to the new class and count against the grade in that class.

For CIEE classes, excessively tardy (over 15 minutes late) students must be marked absent. Attendance policies also apply to any required co-curricular class excursion or event, as well as to Internship, Service Learning, or required field placement. Students who miss class for personal travel will be marked as absent and unexcused. No make-up or re-sit opportunity will be provided.

Attendance policies also apply to any required class excursion, with the exception that some class excursions cannot accommodate any tardiness, and students risk being marked as absent if they fail to be present at the appointed time.

Unexcused absences will lead to the following penalties:

<i>Percentage of Total Course Hours Missed</i>	<i>Equivalent Number of Open Campus Semester classes</i>	<i>Minimum Penalty</i>
Up to 10%	1	No academic penalty
10 – 20%	2	Reduction of final grade
More than 20%	3 content classes, or 4 language classes	Automatic course failure, and possible expulsion



Weekly Schedule

NOTE: this schedule is subject to change at the discretion of the instructor to take advantage of current experiential learning opportunities.

Week 1

Introduction to International Finance

1.1

The principal foci of the course will be presented this week. General terms of international finance will be discussed and introduced. The 2008 World Recession as well as the Euro Crisis will be introduced as examples of how international finance affects national economies. Special attention will be placed on the crises peculiar to the United Kingdom, and these will be introduced as symptomatic examples throughout the course.

We will also look at foreign direct investment and discuss the impact of globalization on world economies.

Readings: Bekeart and Hodrick, 2014, Chapter 1; Madura, 2010, Chapter 1 online article # 1.

Week 2

International flow of funds

2.1

This week we will look to understand the key components of the balance of payments; and to explain how the international flow of funds is influenced by economic factors and other factors. This will include an exploration of the factors that can have an impact on the flow of funds, such as exchange rates; and some of the international trade agreements that are in place.

2.2

We will look at foreign direct investment in more detail and the case study and discuss will shape the discussion on the impact of leadership policies on investment.

Readings: Madura, 2010, Chapter 2; online article # 2.
Summary report due.

Week 3

International Financial Markets

3.1

We will present different international capital markets this week. We will include the credit and money markets, as well as equities and bonds, in the context of international business financing; but also in regards to portfolio investment.

3.2

A more specifically, a description of the activity within the Euro currency, bond and credit market will be provided. Finally,



international stock markets will also be considered and you will be introduced to the presentation task through the investment portfolio simulation game. You will also get to watch a video of crypto-currencies that will help us to understand and discuss how and why they are so volatile in value.

Readings: Madura, 2010, Chapters 3 and 6; online article # 3.
Field trip and Midterm examination

Week 4

The 2007-2012 world banking crisis

4.1

An exploration into the different factors that contributed to the banking crises with reference to case examples of specific financial institutions will take place. We will look specifically at the case of Lehman Brothers through a short video documentary that charts their growth, fall and role in the banking crisis. We will look at the financial trades that were taking place and examine why the crises was not anticipated.

4.2

The focus will shift to the UK and the case of RBS. Again, we will look at the growth and fall of RBS through a video documentary and discuss the reasons why the fate of RBS was different to that of Lehman brothers. This discussion will also look at the role of central banks in the stabilization of national economies.

Readings: Madura, 2010, Chapters 9,10,11 and 12; Grath, 2013, Chapter 4; online article # 4. Summary report due.

Week 5

The European Debt crisis

5.1

This week our focus is on what caused the debt crisis, its significance and how it was managed. We will also look at the impact the crises has had and the particular role of the United Kingdom and its contribution and criticisms during intra-EU negotiations. There will also be an opportunity to work on your investment portfolios with your groups and to get feedback ahead of the presentation.

5.2

Your assessed presentations will give you the opportunity to demonstrate your understanding of how financial markets operate and the decision making process involved in investing large sums of capital.

Readings: Grath, 2013, Chapter 1; online article # 5.
Field trip and In-class presentations.

Week 6

Conclusions and Review: An Ethical Viewpoint



6.1 An integral review of all information given during the course will be laid out and put in context. The case histories of big investment banks and insurance companies will be given as illustrative examples for explaining how the world underwent the worst recession since 1928 due to a lack of strategic vision and ethical behavior. These practices will be contextualized in comparison to the regulatory and ethical environment in European financial leadership acts.

6.2 Your final examination will bring together a range of topics from the course that will help you reflect and analyze the International Finance from a variety of perspectives.

Readings: Madura, 2010, Chapters 15 and 16
Final examination



Readings

Main text:

Bekaert, Geert, and Hodrick, Robert. *International Financial Management*: Pearson New International Edition, 2/E. Prentice Hall, 2014

Available to purchase from: <https://www.abebooks.co.uk/9780132162760/International-Financial-Management-2nd-Edition-0132162768/plp>

Madura, Jeffrey. *International Finance Management*. Cengage Learning. 2010. Print.

An early addition is available via PDF from:

<http://202.74.245.22:8080/xmlui/bitstream/handle/123456789/559/Financial%20Markets%20and%20Institutions%20by%20Jeff%20Madhura%20.pdf?sequence=1>

The early edition will be sufficient for the course and is available free of charge. It is not necessary to purchase both textbooks.

Additional Readings:

Grath, Anders. *The Handbook of International Trade and Finance: The Complete Guide for International sales, Finance, Shipping and Administration*. Kogan Page. 2013. Print.

Grath, Anders. *The Handbook of International Trade and Finance: The Complete Guide to Risk Management, International Payments and Currency Management, Bonds and Guarantees, Credit Insurance and Trade Finance*. Kogan Page. 2008. Print.

Krugman, Paul, Obstfeld, Maurice and Melitz, Marc. *International Economics: Theory and Policy*. Prentice Hall, 9/e, 2011. Print.

Online Resources

Articles

1. Thomson Reuters: MarketPsych: Sentiment Data in the Foreign Exchange Markets. <http://thomsonreuters.com/articles/2013/marketpsych-sentiment-data-in-fx-markets>
2. International Finance Magazine: Recent trends in global capital markets. <http://www.internationalfinancemagazine.com/article/Recent-Trends-in-Global-Capital-Markets1.html>

3. International New York Times: Clouds seen in regulatorsent-Trends-in-Global-Capita
<http://www.nytimes.com/2013/01/11/business/economy/models-for-financial-risk-are-still-seen-as-flawed.html?pagewanted=all&module=Search&mabReward=relbias%3Aw%2C%7B%22%22%3A%22RI%3A13%22%7D&r=0>
4. Economist: The Libor scandal, the rotten heart of finance.
<http://www.economist.com/node/2158281>
5. The Balance: What is the European Debt Crisis. <https://www.thebalance.com/what-is-the-european-debt-crisis-416918>

Websites

Bloomberg. <http://www.bloomberg.com/>

Financial Times. <http://www.ft.com/>

International Monetary Fund. <http://www.imf.org/external/index.htm>

Organization for Economic Cooperation and Development. <http://www.oecd.org/>

Reuters. <http://www.reuters.com/>

The Economist. <http://www.economist.com/economics>

World Bank Group. <http://www.worldbank.org/>

Harvard Business Case Studies:

Basel II: Assessing the Default and Loss Characteristics of Project Finance Loans (A)

BlueOrchard Finance: Connecting Microfinance to Capital Markets

Ethics in Finance

Government Policy and Clean-Energy Finance

Santander Consumer Finance