



CIEE Global Institute – Shanghai

Course name:	International Finance
Course number:	(GI) BUSI 3001 SHCN
Programs offering course:	Open Campus – Shanghai
Open Campus Track:	Business
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. 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 have 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, national debts, and the specific economic challenges to which individual countries have been exposed in varying ways. Alternative views and policy measures to help struggling economies overcome the economic and financial crisis – like contracting (or expanding) government spending – will be assessed and critically analyzed.

Learning Objectives

By the end of the course, students will be able to:

- Critically analyze financial concepts and their application to the very intricate web of international economic and financial transactions.
- Discuss the determinants of international financial transactions and their consequences in the present-world economic and financial order.



- Explain the decisions taken by various agents (governments, multinational corporations, public and private banks) and how these interact in the international financial markets.
- Read and analyze economic and market indicators for a better understanding of the world panorama of economics and finance.
- Apply these indicators and 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. Power Point presentations and 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, during business visits, and with guest speakers. 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, students will be responsible for checking selected web sites daily for in-class discussions.

Assessment and Final Grade

Written Assignments:	30%
In-Class Presentation:	15%
Midterm Exam:	15%
Final Proposal:	20%



Participation:

20%

Course Requirements

Written Assignments

Students are expected to write three summary papers, due on the last day of class in Weeks 2, 4, and 6. These should be 750 words in length (font 12) and should include brief summaries of visits to local companies that are international in scope. An example would be a visit with the local branch manager of a large, internationally active bank to understand the financial management styles of the country of study and how they differ with US styles. Papers should be written in APA citation style to reference your resources.

In-Class Presentation

Students will organize in teams of 2 to 4 people. Each team 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 15 minutes and will be followed by a Q&A session. Of utmost importance is to give examples and illustrate them with real-life financial examples.

Midterm Exam

A mid-term essay exam, comprising of two essay questions, will be administered at the end of Week 3. The materials in the test will include information from lectures, case studies, guest speakers, business visits, readings, video clips, etc. The test will be open book, so students are asked to bring all of their relevant notes and materials on the day of the test. Students will complete this exam through Canvas and must have their laptops fully functional for the exam.

Final Proposal



Choose a multinational company that is not currently present in the region. Develop an “in-house” proposal that will suggest whether (and how) your multinational should enter the local market. Your written proposal should comprise of at least three sections: a) Financial analysis of investment decision b) Risk analysis (including risk mitigation recommendation) c) Liability considerations and financing alternatives. Your written proposal should be between 1125-2250 words in length. You will pitch the key positions in your proposal on the final day of class. Your pitched should be five minutes or less and should be accompanied by compelling graphic representations of your positions using PowerPoint.

Participation

Participation is valued as meaningful contribution in the digital and tangible classroom, utilizing the resources and materials presented to students as part of the course. Meaningful contribution requires students to be prepared in advance of each class session and to have regular attendance. Students must clearly demonstrate they have engaged with the materials as directed, for example, through classroom discussions, online discussion boards, peer-to-peer feedback (after presentations), interaction with guest speakers, and attentiveness on co-curricular and outside-of-classroom activities. Additionally, as part of the participation grade, students will be required to write and ask 3 – 5 questions per guest speakers and business visit. These questions must be submitted via Canvas prior to class.

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 will result in a written warning.

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, including unforeseen delays that arise as a result of 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 content classes, or up to 2 language classes	Participation graded as per class requirements
10 – 20%	2 content classes, or 3-4 language classes	Participation graded as per class requirements; written warning
More than 20%	3 content classes, or 5	Automatic course failure ,



	language classes	and possible expulsion
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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 Orientation Week

Class 1:1 Introduction to International Finance

The introductory lecture will give an initial overview of the principal subjects of the field, such as the monetary systems of the world, trends in international banking, the determination of exchange rates, foreign direct investment, balance of payments, purchasing power parity, etc. Students will also be informed about the concept of the course and details of the grade requirements.

Week 2

Class 2:1 Terms of International Finance and International Finance in Context (China)

Important terminology used in international finance will be discussed in relation to local contexts in this class. Special attention will be placed on China and its form(s) of corporate governance.

Mandura International Financial Management, 2014, Chapter 1.

The Global Financial Crisis, Bank for International Settlements, 79th Annual Report, June 2009, Timeline of Events, Pages 18, 19
<http://www.bis.org/publ/arpdf/ar2009e2.pdf>



Did The Fed Save The World? Paul Krugman, New York Times, Op-Ed, October 7, 2015 <http://krugman.blogs.nytimes.com/2015/10/07/did-the-fed-save-the-world/>

Class 2.2 International Finance Markets (1)

This class will focus on the balance of payments as a record of international money flows and the international financial markets, the crux of this course.

Mandura International Financial Management, 2014, Chapter 2

Class 2.3 International Finance Markets (2)

We will cover the international foreign exchange markets, money and credit markets, as well as bond and stock markets, in the context of international business financing and portfolio investment.

Mandura International Financial Management, 2014, Chapter 3

Thomson Reuters: MarketPsych: Sentiment Data in the Foreign Exchange Markets.
<http://thomsonreuters.com/articles/2013/marketpsych-sentiment-data-in-fx-markets>

Assignment due: Written Assignment I – Summary Paper

Week 3

Class 3:1 Foreign Exchange Markets: Introduction

During this class students will learn the fundamentals of foreign exchange markets: from the record of the economic transactions between the residents of the country and the rest of the world in a particular period (the balance of payments), to the most critical notions about financial assets and currencies.



Students will learn more about the Chinese economic, political, and social context and relate it to the stability or instability of the Chinese markets.

Mandura International Financial Management, 2014, Chapter 4

Class 3:2 Visit to Hangzhou Cross-Border Trading Town

Students will continue to analyze foreign exchange markets while visiting the Hangzhou Cross-Border Trading Town, which highlights the significant cross-border e-commerce industry. Students will analyze and discuss the balance of payments between China, the US and other countries represented at the trading town in the context of the e-commerce market.

Mandura International Financial Management, 2014, Chapter 5, pages 137-144

Class 3.3 Foreign Exchange Markets: The Valuation of Shares

The valuation of foreign shares and the factors affecting the equilibrium exchange rates will be covered, with an introduction to currency derivatives.

Mandura International Financial Management, 2014, Chapter 6

Midterm exam

Week 4

Class 4:1 Financial Risk Management (1)

This lecture will focus on financial risk management. Students will discuss hedging strategies against risk exposure, the attempts at forecasting exchange rates and Forex in the context of international trade, and managing monetary and financial exchanges.

Mandura International Financial Management, 2014, Chapter 9



In-Class Case Study Presentation (last 40 minutes of class)

Class 4:2 Financial Risk Management (2)

In this class students will further consider why managing exposure to financial risk is so important in handling the monetary and financial exchanges discussed in the previous session. This will be accomplished utilizing a local case study in addition to drawing on case studies introduced in student presentations.

International New York Times: Clouds Seen in Regulators's Crystal Ball for Banks
http://www.nytimes.com/2013/01/11/business/economy/models-for-financial-risk-are-still-seen-as-flawed.html?pagewanted=all&module=Search&mbReward=relbias%3Aw%2C%7B%22%22%3A%22RI%3A13%22%7D&_r=0

In-Class Case Study Presentation (first 40 minutes of class)

Class 4.3 Site Visit to FX Trading Company

Students will visit a foreign exchange (FX) trading company and be given an overview of FX strategies at the company being visited and how they are used to manage risk and currencies flows in and out of China.

Assignment due: Written Assignment II – Summary Paper

Week 5

Class 5:1 Measuring Exposure to Exchange Rate Fluctuations: Long-term Assets

This week students will become acquainted with the strategic decisions regarding short- and long-term investments, both in terms of portfolio as well as foreign direct investments.



Mandura International Financial Management, 2014, Chapter 10

Class 5:2 Measuring Exposure to Exchange Rate Fluctuations: Liability Management

The debt maturity decision and the fixed versus floating rate decision will be covered.

Mandura International Financial Management, 2014, Chapter 15

Class 5.3 Hedging Instruments

This class will critique the uses of hedging instruments such as interest rate swaps.

Economist: Watching the wages.

<http://www.economist.com/news/europe/21614178-germanys-economy-stutterseven-if-fundamentals-are-strong-watchingwages?zid=295&ah=0bca374e65f2354d553956ea65f756e0>

Assignment due: Written Assignment III – Summary Paper

Week 6

Class 6:1 Conclusions and Review: An Ethical Viewpoint

An integral review of all information given during the course will be summarized and put into context.

Mandura International Financial Management, 2014, Chapter 16

Class 6:2 Best Practices



Examples of big investment banks and insurance companies will be given as illustrative examples of how the drive to profit from the lucrative securitization business led to an erosion of lending standards and the worst recession since 1928. These practices will be contextualized in comparison to the green movement and Islamic finance.

Class 6.3 **Final Exam**

Readings

Grath, A., *The Handbook of International Trade and Finance*, Philadelphia, PA, Koganpage Publishers, 2013

Krugman, P., Obstfeld, M., Melitz, M., *International Economics: Theory and Policy*, Pearson Addison-Wesley, 2011

Madura, J., *International Financial Management*, Canada, Cengage, 2014.

Online Resources

Online articles:

1. The Global Financial Crisis, Bank for International Settlements, 79th Annual Report, June 2009, Timeline of Events, Pages 18, 19

<http://www.bis.org/publ/arpdf/ar2009e2.pdf>

2. Did The Fed Save The World? Paul Krugman, New York Times, Op-Ed, October 7, 2015 <http://krugman.blogs.nytimes.com/2015/10/07/did-the-fed-save-the-world/>

3. Thomson Reuters: MarketPsych: Sentiment Data in the Foreign Exchange Markets. <http://thomsonreuters.com/articles/2013/marketpsych-sentiment-data-in-fx-markets>

4. International New York Times: Clouds Seen in Regulators's Crystal Ball for Banks <http://www.nytimes.com/2013/01/11/business/economy/models-for-financial-riskare->



still-seen-asflawed.

html?pagewanted=all&module=Search&mabReward=relbias%3Aw%2C%7B%22%22%3A%22RI%3A13%22%7D&_r=0

5. Economist: Watching the wages.

<http://www.economist.com/news/europe/21614178-germanys-economy-stutterseven-if-fundamentals-are-strong-watchingwages?zid=295&ah=0bca374e65f2354d553956ea65f756e0>

6. Economist: The Libor scandal, the rotten heart of finance.

<http://www.economist.com/node/21558281>

For international finance, a myriad of websites to consult and get data are available. The main and most influential include:

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/>