

# EF4331: INTERNATIONAL FINANCE AND BANKING

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## Effective Term

Semester A 2024/25

## 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	Discuss various theories, e.g., the purchasing power parity, on the determination and exchange rate, and apply the theories 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 international banking environment that can influence international banks' location, operation, and decisions.	20	x	x	x
3	Explain the operations of central banks and money creation and discuss the application tools to analyze real- world issues, such as the impact of QE on HK financial and real estate markets.	10	x	x	x
4	Discuss the trading in foreign exchange markets and features of various foreign exchange derivative assets as financial tools international banks provide to their multinational corporation clients.	25	x	x	x
5	Apply derivatives contracts and other tools in managing the interest rate and foreign exchange risks for international businesses and structure solutions to address the particular hedging needs of the bank or the firm with innovative skills.	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.

### Learning and Teaching Activities (LTAs)

	LTAs	Brief Description	CILO No.	Hours/week (if applicable)
1	Lectures	Students will engage in lectures to discuss questions and solve problems by themselves with critical and logical thinking.	1, 2, 3, 4, 5	3 hours per week
2	In-class discussion	Students will participate in in-class discussions with good communication skills, critical thinking and creative and innovative abilities.	1, 2, 3, 4, 5	

### Assessment Tasks / Activities (ATs)

	ATs	CILO No.	Weighting (%)	Remarks (e.g. Parameter for GenAI use)
1	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.	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	

### 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

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#### **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

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#### **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	<a href="http://www.info.gov.hk/hkma">http://www.info.gov.hk/hkma</a>
2	<a href="http://www.worldbank.org">http://www.worldbank.org</a>
3	<a href="http://www.imf.org">http://www.imf.org</a>
4	<a href="http://www.bis.org">http://www.bis.org</a>