

INTERNATIONAL FINANCIAL INSTITUTIONS AND MARKETS

COURSE: SECOND

SEMESTER: SECOND

TYPE: MANDATORY

LANGUAGE: ENGLISH

CREDITS: 6 ETCS

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PROFESSOR: [SOL GARCIA BERATTI](#)

OBJECTIVES:

The objective of the subject consists of providing the students with basic theoretical/practical knowledge about the structure, functioning and impact of financial institutions and monetary policies in the national and international business context. Understanding markets interaction will allow them to define/identify risks, define coverage strategies and possible scenarios for international businesses. The course will emphasize current challenges arising from financial globalization and worldwide financial crisis. Additionally, the students will have to be capable of applying that knowledge to specific case studies in real situations and problems.

COMPETENCES:

GENERALS

G1. Observing with a global vision, planning, organizing and managing activities in the business and companies' world

G2. Acting in a proactive way, generating ideas and proposals and implementing initiatives and changes in the heart of the organization, as well as showing willingness to geographic mobility

BASICS

CB3. Developing an adequate comprehension of the principal entities and existing institutional, legal and financial structures, as well as understanding the role they play in the context of global economy and the consequences of their policies and decisions

CB4. Capacity of transmitting information, ideas, problems and solutions to a specialized or not specialized public.

TRASVERSALS

T1. Acting with critical spirit and reflection on knowledge in every dimension, showing intellectual, cultural and scientific curiosity, as well as commitment to rigor and quality in professional standards

T3. Interact in global and international contexts to identify needs and new realities to transfer knowledge to areas of current or emerging professional development, with capacity for adaptation and self-direction in the professional and research processes.

T7. To become the actor's own learning process with a view to a personal and professional improvement and the acquisition of an integral formation that allows to learn and live in a context of linguistic diversity, with social, cultural and economic.

SPECIFICS

E4. Knowing the principal sources of economic statistic and business information, national and internationally; analyzing and using it in decision-making processes in international business.

E5. Knowledge of the cultural, social, geopolitical and legislative context of different economies in the world as the foundations to international business development. E6. Valuating the changes that are produced in the context of different international

agreement that affect economic relations between different countries and the activity of the company in international business.

E7. Knowing the role of different agents and economic institutions internationally, and valuating their influence and impact on economic growth, international commerce, financial and enterprise activity.

E8. Identifying economic, cultural, political, legal, demographic and technologic environments that can represent opportunities and threats to the development of the activity in international business.

E9. Planning of commercial strategies from knowledge of the basic instruments of international commerce.

E11. Locating, understanding and valuating the existing information in international context to define the potential markets, according to the type of business and product.

LEARNING OUTCOMES:

LO1. The students will be able to reasonably analyze and explain the economic interactions between countries and economic areas.

LO2. The students will be able to gather information and critically argue the economic consequences of globalization.

LO4. The students will be able to evaluate professional practices in emergent and global contexts, as well as proposing intervention guidelines adjusted to different realities.

LO7. The students will develop an adequate comprehension of the principal entities and existing institutional, legal and financial structures, as well as understanding the role they

play in the context of global economy and the consequences of their policies and decisions

SYLLABUS:

1. Introduction to Money & Banking

- Why Study Money, Banking, and Financial Markets?
- Why Study Financial Markets?
- Why Study Financial Institutions and Banking?
- Why Study Money and Monetary Policy?
- Why Study International Finance?

2. What is Money?

- Meaning of Money
- Functions of Money
- Evolution of the Payments System
- Measuring Money - Money as a Weighted Aggregate
- How Reliable Are the Money Data?

3. Banking Industry: Structure and Competition

- Banking structures internationally - The Dual Banking System in the United States
- Cases:
- Bruce Bent and the Money Market Mutual Fund Panic of 2008
 - The Subprime Financial Crisis
 - Global Ironic Birth of the Eurodollar Market

4. Central Banks

- The role of the Central Bank in the economy
- Central Banks & Monetary Policy
- Establishment of Selected Central Banks
- The impact of the political environment on the Central Bank
- Role of the Banks Research Staff
- The Special Role of the Federal Reserve Bank of New York
- Economics and Politics

5. The Money Supply Process

- Three Players in the Money Supply Process
- The Worldwide Decline in Reserve Requirements

Case: The Great Depression Bank Panics, 1930 -1933

6. Tools of Monetary Policy

- The Framework for the Implementation of Monetary Policy
- Monetary Policy Implementation in the LVTS Environment
- The Worldwide Decline in Reserve Requirements and the Channel/Corridor System for Setting Interest Rates
- Monetary Control in the Channel/Corridor System
- Monetary Policy at Times of Crisis
- Emergency Lending Assistance to Troubled Banks

Case: Federal Reserve Lender-of-Last-Resort Facilities During the Subprime Financial Crisis

7. The Conduct of Monetary Policy: Strategy and Tactic

- Monetary Targeting Strategy
- The European Central Banks Monetary Policy Strategy
- Chairman Bernanke and Inflation Targeting Case: Bank of Canada Watching

8. Money and Inflation

- Money and Inflation: Evidence
 - Meaning, views, and origins of Inflation
- Case: German Hyperinflation
- Meaning of Inflation: definition & causes
 - Pros and Cons of Inflation
 - Deflation & consequences
 - Budget Deficits and Inflation

9. International Markets

- Definition & explanation

- Main concepts involved

10. International Financial Institutions

- Main international organizations
- Purpose of each one
- Cases

11. International Financial Crisis

- Evidence of international financial crises
- Role of financial institutions in times of crisis
- Challenges for the financial world economy
- Cases

12. Risk Analysis

- Reporting for International Businesses
- Risks Reports and Analysis
- Cases

EVALUATION SYSTEM:

Course Grading

Grading system	Weigh
Individual exam	40%
10 individual class activities & participation	10% (1% each activity)
2 Group activities	30% (15% each activity)
Final project activity in group	20%

Exam

- The exam will include all of the contents with a practical approach. Due Date: See Planning of the subject

Group homework activities

- **Activity # 1: Interest Rates. Due date:** See planning schedule.
- **Activity # 2: Monetary Policy. Due date:** See planning schedule.
- **Criteria of activity evaluation:** Research done, creative thinking behind the homework, oratory skills & presentation tools.
- **Way of submission:** written information in PDF & PowerPoint used in oral presentation. Deliveries are **ONLY ACCEPTED** through Moodle (not accepted by mail) and the oral presentation will be held in class. Student must deliver just **ONE COPY** per group.

Final project assignment in groups

- The final project is about relating all of the concepts seen in class and how they are linked to International Business. **Due date:** See Planning schedule.
- **Criteria of project evaluation:** quality of the written delivered project, oratory skills, research done, proposed strategy & presentation tools.
- **Way of submission:** written information in PDF & PowerPoint used in oral presentation. Deliveries are **ONLY ACCEPTED** through Moodle (not accepted by mail) and the oral presentation will be held in class. Student must deliver just **ONE COPY** per group.

Hand-in conditions: Each activity hand-in conditions will also be mention in the guidelines provided by the professor though in the METHODOLOGY section it is specified.

As specified before, there will one written and individual exam, covering all of the contents seen in class, with a practical approach, and a weigh of 40% of the final grade; the remaining 60% will be obtained by individual and group activities which guidelines will be uploaded, at least, two weeks prior to its delivery date. Nonassistance to the exam will result on a grade of 0 (zero).

The only item that is possible to be recovered in the week of recovery is the exam.

It is necessary for students to get, at least, + 40 pts out of 100 on the exam in order to do the average with the rest of the grades (activity grades).

It is necessary for students to get, at least, + 50 pts out of 100 on the activities average, in order to do the average with the exam.

To pass the subject, the average of activities and the exam has to be equal/over 50/100. Exam and activities average will become the final grade.

If a student gets a grade between 40 and 50 out of 100 in the exam, it is not necessary for him/her to take the complementary exam, as long as the activities average represent sufficient mark so that the final average of the subject is 50 out of 100 or higher.

If an activity involves an oral presentation, group students will be graded jointly for the written presentation but may receive a different grade in their oral presentation.

Scenarios for the oral presentation date:

- Non-attendance (and not justified) in those classes where an activity must be delivered orally, will be considered as a "not delivered oral presentation", and will suppose a zero for that oral presentation for the absent student.
- Those students who know in advanced that they won't be able to assist to the oral presentation date and the absence is justified, must prepare a video with his/her part of the presentation in order to project the video while the rest of the group is making their oral presentation.
- Those student's that are absence on the delivery date due to unexpected reasons (illness) and can justified their absence on the activity day will have, at most, 3 business days after the due date in order to send a video, to the professor's email, with the presentation of the activity (their part + the rest of the group parts). If this is not done within those days it will be considered as not presented, hence a zero grade.

The teacher will evaluate the attendance, as well as the active participation, both in the activity's elaborations, as well as in the open debates in class. The critical and analytical student vision and thinking will be seen with special importance, as well as the elaboration of constructive feedback on the proposed activities by the classmates and the oral presentation of the activity in a group. The teacher will consider the progression and continuous evaluation of the student when grading the activities.

METHODOLOGY:

The subject is classroom/Live Streaming-based and combines theoretical knowledge with its practical implementation. Through classroom sessions, the teacher will expose contents of the program using different learning methodologies. Besides making group activities in class to apply what was learned, students must do individual activities during their own personal hours.

Finally, we recommend to the students that they use some hours of personal work to this subject every week in order to consolidate the acquired knowledge of each topic. This personal work will consist of making a review of theoretical aspects given in class, complement them with the basic bibliography and have some exercises done.

The professor will consider the development and progress of each student individually.

Any student who does not sit the exam and he does not justify his absence on grounds of force majeure, either to Coordination or Academic Tutoring, will lose this opportunity. He will be able to do it in the complementary period, but only in case he meets the requirements for it. If the student has provided a certificate of absence due to a case of force majeure, he will sit the exam on the

complementary date and he will still keep another examination sitting. In case, he would not pass the exam on the complementary date, he will have another opportunity before the last day to record grades.

Any student who does not make an oral presentation and he does not justify to the teacher that it has been a case of force majeure, will lose the chance to do it another day.

Likewise, any student who does not deliver an activity on deadline and he does not justify to the teacher that it has been due to force majeure, he will miss the opportunity.

The student who has not attended a minimum 80% of classes within a week before the exam (having submitted the supporting documents to his/her tutor), will be excluded from the ordinary examination. In this case, the student will have to attend the complementary exam, provided that he or she meets the

requirements laid out in the study program.

Oral presentations

Oral presentations will be done at the specific day detailed by the professor in the schedule. Oral presentations for each homework must be done on the designated dates. If the student is missing that day, unjustified, this means a zero grade for that student. If the absence is justified, the student will make the presentation according to what was mentioned in the "Scenarios for the oral presentation date" section. Any presentation format can be used (powerpoint, prezi, etc.) and creativity will be very welcomed. The presentation material has to be uploaded in Moodle according to the guidelines of the activity that are available in Moodle. If the presentation material is

not uploaded to the platform, the professor will grade the activity directly with a zero.
For group activities students must deliver only 1 copy per group through Moodle and individual activities must be delivered by all of the students.

Hand-in conditions: Each homework-activity must have a PDF and a Powerpoint/Prezi presentation. Both have to be uploaded to Moodle.

Activity	Percentage weights	Competences and learning outcomes	Conditions	Dedication
Exam	40%	G1 - CB3 - CB4 - T1 - T3 - E9 // LO1 - LO2 - LO7	Individual. Can only be recovered at the complementary period if the student has delivered the homework activities.	60 hours.
Final Project	20%	G1 - G2 - CB3 - CB4 - T1 - T3 - E9 // LO1 - LO7	Mandatory. Group activity. Can't be recovered. It must be delivered on the designated date.	30 hours.

Homework Group Activity # 1 & # 2	30% (15% EACH ACTIVITY)	G1 - CB3 - CB4 - T1 - T3 // LO1 - LO2 - LO7	Group activity. Can't be recovered. It must be delivered on the designated date.	10 hours.
10 Class Activities and Participation	10% (1% EACH ACTIVITY)	G1 - CB3 - CB4 - T1 - T3 // LO1 - LO2 - LO7	Individual activities. Can't be recovered. It must be delivered on the designated date.	10 hours.

Total class hours: 60. Total dedication outside the classroom: 110 hours.

Total time of dedication to the subject: 170 hours.

BIBLIOGRAPHY

Compulsory Reading List – Main Book

Mishkin, F. S. and Serletis, A., (2011). *The Economics of Money, Banking and Financial Markets* (4th ed.- Canadian Edition). Pearson Canada Inc., Toronto, Ontario.

Optional Reading List

Howells, P., and Bain K. (2007) *Financial Markets and Institutions*, 5th edition. Financial Times/ Prentice Hall.

Pilbeam, K. (2010) *Financial Markets and Institutions*, 3rd edition. Palgrave Macmillan.

Valdez, S. and P. Molyneux (2010) *An Introduction to Global Financial Markets*, 6th edition. Palgrave Macmillan.

- Investopedia.com
- Macrotrends.com
- IMF –International Monetary Fund Official Webpage
- World Bank Official Webpage

