



**Course Code: 2021\_S01\_PGE\_M2\_FIN\_0009\_E\_L\_BOD**

**International Financial System**

**Programme Grande Ecole**

**Semester 1, 2020-2021**

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<b>COURSE DELIVERABLE</b>	<b>DUE DATE</b>	<b>WEIGHT ON FINAL GRADE</b>
Case reports and presentations (group work)	During the Course	40%
Final Exam	See planning	60%

**Kedge Business School and its professors, encourage you to use your Pro-Acts, company projects and internships as privileged opportunities to apply the reflexions, theories, concepts and tools presented during this course**

## **NOTE ON THE COVID-19 PANDEMIC**

Due to the COVID-19 pandemic this course will be taught 100% online. Mentioned activities in the syllabus will therefore take place on the Learn platform of KEDGE Business School and on the Blackboard Collaborate Ultra virtual classroom available on that platform. Please notice that the course delivery format may need to be adjusted if new guidelines are issued by the government or by the School administration.

## **INTRODUCTION AND OBJECTIVES**

### ***Course Purpose & Objectives***

This course discusses international aspects of money, banking and financial regulations, the interconnected web of different systems which form a collective, complex entity, along with the system's relationship with the worlds of management and business.

The course perspective is global. Money, banking, and finance are explained at the micro and macro levels, with a focus on the crossroads of theory, data, institutions, history, and applications.

Emphasis will be put on:

- A conceptual understanding of international financial systems
- Monetary and financial theory
- The history of the international financial system
- Monetary and financial institutions
- Global banking regulations

### ***Courses Contribution to Program Objectives***

PGE3 Develop a Strategic Perspective

PGE4 Apply high standards of Integrity, Ethics and Social Responsibility

The objective is to invite students, as individuals, to develop their comprehension of international monetary and financial systems and to acquire much needed economic analytical skills. It is necessary that future managers be able to envision all the dimensions of the financial phenomenon and be capable of integrating this knowledge in decision-making processes. Students will acquire concepts and practical tools necessary to understand the global monetary and financial environment where businesses operate. Responsible management is reinforced through the understanding of the factors behind monetary and financial instability and of how sound bank practices must be at the root of the global regulatory framework.

### ***Course Description***

The course content is based on a theoretical and principled approach to the concepts of money, banking, and finance. It puts emphasis on the main practical tools available for the design and the implementation of monetary, banking, and financial policies

and regulations. Emphasis on regulations is essential to promote the understanding of the factors behind a sustainable and stable business environment.

Key elements: The International monetary and financial system and to global bank regulation. The history of the international monetary system. The gold standard. The Bretton Woods system. Financial regulation and banking crises. Accounting, financial, and legal principles. International financial institution and their governance. Regulation challenges and ethics.

## **COURSE MATERIAL**

### ***Presentations, Cases and Exercises***

Students will find on the Kedge digital library all materials necessary for this course or will be given materials in class. Slides prepared by the professor, assignments and readings will be provided. Some additional materials are available from Cyberlibris and from the Internet (as indicated).

### ***Referenced Core Readings***

- (1) Eichengreen, B. (2008): *Globalizing Capital: A History of the International Monetary System*. Chapters 2 to 3, pp. 06-90 (Cyberlibris).
- (2) Eichengreen, B. (2008): *Globalizing Capital: A History of the International Monetary System*. Chapters 4 to Conclusion, pp. 91-232 (Cyberlibris).
- (3) Ugeux, G. (2014): *International Finance Regulation: The Quest for Financial Stability*. Chapters 1 to 2, pp. 01-23 (Cyberlibris).
- (4) Ugeux, G. (2014): *International Finance Regulation: The Quest for Financial Stability*. Chapters 3 to 4, pp. 27-50 (Cyberlibris).
- (5) Ugeux, G. (2014): *International Finance Regulation: The Quest for Financial Stability*. Chapters 5 to 7, pp. 53-83 (Cyberlibris).
- (6) Ugeux, G. (2014): *International Finance Regulation: The Quest for Financial Stability*. Chapters 8 to 9, pp. 87-120 (Cyberlibris).
- (7) Ugeux, G. (2014): *International Finance Regulation: The Quest for Financial Stability*. Chapters 10 to 13, pp. 125-154 (Cyberlibris).
- (8) Ugeux, G. (2014): *International Finance Regulation: The Quest for Financial Stability*. Chapters 14 to 16, pp. 157-186 (Cyberlibris).

### ***Supplementary Readings***

- A. Handa, J. (2008): *Monetary Economics*. Chapter 11, pp. 338-363 (Cyberlibris).
- B. Handa, J. (2008): *Monetary Economics*. Chapter 1, pp. 03-33 (Cyberlibris).
- C. Schooner, H. M. (2009): *Global Bank Regulation: Principles and Policies*. Introduction, pp. xi-xxii (Cyberlibris).
- D. Handa, J. (2008): *Monetary Economics*. Chapters 2 and 24, pp. 34-75 and 803-834 (Cyberlibris).
- E. Woodford, M. (2003): *Interest and Prices: Foundations of a Theory of Monetary Policy*. Chapters 1.1 to 1.4 and 8.4, pp. 01-55 and 610-623 (Cyberlibris).

- F. Schooner, H. M. (2009): Global Bank Regulation: Principles and Policies. Chapters 1 to 4, pp. 02-72 (Cyberlibris).
- G. Schooner, H. M. (2009): Global Bank Regulation: Principles and Policies. Chapters 8 to 10 and 15 to 16, pp. 131-182 and 259-295 (Cyberlibris).
- H. Rochet, J.-C. (2012): Why Are There So Many Banking Crises? The Politics and Policy of Bank Regulation (Cyberlibris).

Readings for each session will be given to students to help them to prepare cases and discussions. These readings plus guidelines for preparing the cases and exercises will be indicated in the assignment documents available from 'campus virtuel' for each session. It is important to note that students are expected to do additional research (on the web) on their own to prepare the assignments.

### COURSE CONTENTS AND TIMETABLE

SESSION	TOPIC	REFERENCED READING(S)	ADDITIONAL READING(S) AND ASSIGNMENTS
1	Course introduction, The gold standard	(1)	Current news and articles
2	The Bretton Woods system and the new monetary order	(2)	Current news and articles
3	Financial regulation and banking crises	(3)	Current news and articles
4	Balance sheets and global financial regulation	(4)	Current news and articles
5	Capital adequacy, liquidity and leverage ratios, and regulation of derivatives	(5)	Current news and articles
6	Banking structure, resolution, and recovery	(6)	Current news and articles
7	Shadow banking, rating agencies, central banks, and financial institution governance	(7)	Current news and articles
8	Regulation challenges and ethics	(8)	Current news and articles
9	Presentations, revision		Projects
10	Final exam	ALL	

### TEACHING APPROACH AND INSTRUCTIONAL METHODS

#### *A Word of Advice*

This course is based on presentations and reports around a series of case studies. Priority will be given to the quality of participation in the course as well as personal work. Students will prepare for sessions through preliminary readings. Each session will consist in part of a lecture for the learning of basic concepts and in part of presentation of case

studies, exercises, etc. Note: case studies must be read before the meeting. Otherwise, the discussion will be incomprehensible and uninteresting.

### **Organization of the sessions**

The first half of the sessions is based on lectures using slides as support complemented by discussions with students. The second half is based on role-playing games (RPGs) or presentations prepared by student groups, followed by feedback and debates.

### **Group work**

#### **Case Studies & Presentations**

The evaluation will consist, first, of a group presentation. Each group will have the task of representing the perspective of an international financial system stakeholder. Participation in these discussions and the corresponding presentations will constitute 40% of the final grade. Each group will work on a dispute presentation during the course, counting for 20% of the final score. A written report based on the group's side in the presentation will count for the other 20% of the final score.

**The final written report must be sent to a Urkund address provided by the professor, otherwise it is not receivable.**

### **Individual Assignments**

#### **Exam**

The final exam will consist of exercises, case studies and current issues, counting for 60% of the final grade.

### **EVALUATION OF STUDENT PERFORMANCE**

The evaluation is based on two components: a final closed book exam and group work (consisting in class participation & case study).

<b>COURSE DELIVERABLE</b>	<b>DUE DATE</b>	<b>WEIGHT ON FINAL GRADE</b>
Case reports and presentations (group work)	During the course	40%
Final Exam	See planning	60%

### **Collective (Group) Assessment (40%)**

#### **Objectives:**

- Know how to analyse the objectives and strategies of the players.
- Understand the perspective of each stakeholder in an international finance dispute, using the tools and instruments being studied.

- Know how to organize a debate.

This group work will be based on an RPG or presentations from case studies. Each team will be responsible for representing a stakeholder point of view in a financial dispute.

In the case of an RPG, one team will represent the camp of those who defend a regulation or barrier to protect themselves in a financial dispute, and another team will represent the camp of those who, on the contrary, want these barriers to be removed.

Students will be in groups. Their dispute and roles will be assigned during the first session and each oral presentation will be scheduled in advance.

**Evaluation criteria:** Students will be graded based on the content of their speech and on the persuasiveness of the arguments presented.

- (1) Quality of material
  - a. 15% Clarity and conciseness of proposals
- (2) Understanding and application of analytical tools
  - a. 25% Knowledge of course tools used to make solid arguments
- (3) Analytical and critical thinking
  - a. 25% Used critical analysis based on brainstorming of the whole group
- (4) Ability to convince
  - a. 35% Most important elements of analysis were highlighted to convince the audience, and the ability of the team to defend the merits of its position

### **Final Report and Presentation**

#### **Objectives:**

- Develop a deeper understand of international financial system mechanisms and disputes.
- Further analytical theoretical and factual skills concerning the international monetary and financial system.

The group must develop, summarize, analyse, and defend one side in the financial dispute presented. The written report must have a maximum of 4000 words.

Papers must respect the word limits, be well structured, with clearly identified cover page containing participant names, table of contents, introduction, development, conclusion, and references sections. Citations must appear in the list of references.

**Evaluation criteria:** Students will be graded based on the content of their writing and on the persuasiveness of the arguments presented.

- (1) Quality of material
  - a. 15% Clarity and conciseness of proposals, understanding and application of analytical tools
  - b. 25% Knowledge of course tools used to make solid arguments
- (2) Analytical and critical thinking

- a. 25% Used critical analysis based on brainstorming of the whole group
- (3) Ability to convince
  - a. 35% Most important elements of analysis were highlighted to convince the audience/ The ability of the team to defend the merits of its position

### **Individual Assignments (60%)**

#### **Final Exam**

##### Objectives:

- Know how to use the learned theories and facts to respond to a problem.
- Offer qualified impressions on course topics.

##### Organization:

- Individual examination: consists of exercises, case studies and current issues.

#### **Evaluation criteria (depending on exam format):**

- (1) Synthesis capacity
  - a. 25% - Synthesize information and knowledge to respond to questions in a clear and concise manner.
- (2) Quality of understanding
  - a. 25% - Read relevant text and analyse. Identify relevant theoretical tools for analysis
  - b. 25% Demonstrate knowledge of analytical tools, demonstrating a thorough understanding of them.
- (3) Critical analysis
  - a. 25% - Provide critical analysis based on personal reflection.

### **PROFESSOR BIOGRAPHY**



Dr. Pedro H. Albuquerque is an Associate Professor at KEDGE Business School since Fall 2010. He holds a Ph.D. in Economics from the University of Wisconsin - Madison. Before joining KEDGE he worked as an Assistant Professor at Texas A&M International University and the University of Minnesota Duluth, and as an Economic Researcher and Advisor with the Central Bank of Brazil and the International Monetary Fund. His teaching and research interests are in the fields of Macroeconomics and Monetary Economics, International Economics, Econometrics, Public Economics, and Law and Economics.

Dr. Albuquerque has articles published in the *Journal of Applied Econometrics*, the *Journal of International Money and Finance*, the *Cambridge Journal of Economics*, the *China Economic Review*, the *International Tax and Public Finance*, and the *Crime, Law and Social Change*, among others. Some of his research has extrapolated the academic domain; for

example, his work on bank account debits taxation and Mexican-American border crime has received the attention of the general and specialized press in different countries, contributing to the public debate on these matters.

## **ACADEMIC FRAUD**

### **Definition**

Academic fraud is a breach of ethics.

*“Is achieved using unfair means or deception, to obtain material or undue moral advantage, or with the intent to avoid the enforcement of laws”. (Translated from the original source: Dictionnaire Juridique des Lois, 2010, available at: [www.dictionnaire-juridique.com/definition/fraude/php](http://www.dictionnaire-juridique.com/definition/fraude/php))*

Plagiarism consists of attributing authorship by (partial or total) copying, imitation or misappropriation.

The act of fraud is committed by one or more students/participants when they:

- appropriate written or oral work to themselves when they are not the author (in whole or in part) of the work, by omitting any references or quotations to the author or to the owner of the work;
- present any data that has been falsified or invented in any way;
- use the identity of the author, attributing the contents of and/or a resource to him/her, but without explicitly mentioning that they are not the author;
- appropriate the creative work of someone else and present it as their own;
- acquire excerpts of texts, images, results etc. from external sources by including them in their own work without mentioning the origins of the excerpts;
- summarise the original idea of an author by expressing it in their own words but omit quoting the source;
- cheat in an academic evaluation.

Plagiarism can occur in:

- an academic article or book;
- an exercise or a case study;
- a study or a report;
- a dissertation or a thesis;
- any document of which the student/participant is not, but purports to be the author.

### **Sanctions**

Any student/participant having committed academic fraud, or having participated in it, will be sanctioned by the professor in charge of the course. The professor can apply 1<sup>st</sup> and 2<sup>nd</sup> level sanctions (detailed below). The professor will send a copy of the sanction to the student's/participant's programme. The student/participant will be informed/and or convoked by the programme director (or his/her representative) to a hearing prior to the



possible convening of the Kedge Business School Disciplinary Council. In the case of a hearing of the Disciplinary Council, they can decide to apply 3<sup>rd</sup> and 4<sup>th</sup> level of sanctions.

Any student/participant guilty of academic fraud will receive one of the following sanctions:

- Applied by the professor in charge of the course, Kedge Business School faculty member (1st and 2<sup>nd</sup> level):
  - A grade of zero for the work concerned and a formal warning;
  - A grade of zero for the course or module concerned and a formal warning.
- Applied by Kedge Business School's Disciplinary Council (3<sup>rd</sup> and 4<sup>th</sup> level):
  - Suspension from the programme for one or two semesters;
  - Exclusion from the programme.

N.B.: Plagiarism within a partner institution can result in these sanctions being applied by Kedge Business School, notwithstanding partner's decision.