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## Course Package “International Finance”

<b>Work Package</b>	WP3: Development of Course Materials for the Reformed MA Programmes, Deliverable 3.1
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**Erasmus+ Capacity Building in Higher Education Project:**

**“Reforming Master Programmes in Finance in Armenia and Moldova” (REFINE)**

[www.reforming-finance.eu](http://www.reforming-finance.eu) | Project No. 585784-EPP-1-2017-1-AT-EPPKA2-CBHE-JP

## Document History

Version	Date	Author(s)	Description
1	01.12.2019	Denis Vostricov	1st Draft of Development of Course Materials
2	22.01.2020	Denis Vostricov	2nd Draft of Development of Course Materials
3	28.01.2020	Denis Vostricov	3rd Draft of Development of Course Materials
4	30.01.2020	Denis Vostricov	Final Course Materials

### Disclaimer:

*This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.*

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## 1. General information about the course

Explanation: Please fill in the table below.

<b>Title of the course (as specified in the reformed curriculum)</b>	International Finance
<b>Name of the teacher</b>	Assoc. Prof. Ph. D. Denis Vostricov
<b>Novelty of the course (please select as appropriate)</b>	This course is an updated and revised version of a course which already existed in the curriculum
<b>Year of the course in the curriculum</b>	II
<b>Semester of the course in the curriculum</b>	III
<b>Language of instruction of the course</b>	English
<b>Number of ECTS credits</b>	5

## 2. Learning outcomes of the course

Explanation: Please specify the learning outcomes of the course.

At the end of this course students should be able:

1. To understand what international finance means and how it is organised;
2. To characterize current state of international financial relations;
3. To reflect the essence and to assess the benefits of economic globalization as well as the effects of international capital movements;
4. To comprehend the structure and to explain the functioning of financial market;
5. To describe the operations and to identify credit on the international credit markets. To break down the constitution of funds on the international credit market. Give example of crediting of FDI;
6. To evaluate and to appreciate the role of International Organizations in the Capital Markets' functioning.
7. To discuss the concept and the structure of international liquidity; To generalize about the foreign exchange reserves and to conclude about the role of the international gold market; To examine the external debt and assess the external debt management.;
8. To develop on the different stages of evolution of International Monetary Systems;
9. To compare the factors and phenomena influencing the exchange rates and to differentiate the foreign exchange regimes;
10. To outline the balance of payment structure (BP) and name its elements; list and value the factors influencing the BP; Apply the methods of adjusting the BP;
11. To prove the role, functions and structure of international organizations (IMF, WB, EBRD, EIB, etc.);
12. To conduct a research about the role of intergovernmental and international organizations on the local economies;
13. To illustrate the role of International Monetary Fund in the cross-border capital flows;
14. To prove knowledge, analysis, assessment and specialized practical skills in the realm of international finance;
15. To display skills of collecting, synthesizing and structuring the information of different category and complexity that is necessary for substantiating research in financial, banking, monetary and investment realm;
16. To demonstrate, possess and promote professional ethics, values of moral and social integrity; to respond to social, scientific and ethical issues that arise in the process of study and communication.

### 3. Syllabus of the course

Explanation: Please provide a detailed syllabus of the course (broken down in weeks) – maximum 2 pages

Topic	Number of day	Subjects	Number of class hours	Including		Individual study, hours
				Lectures	Seminars/practice	
LECTURE 1. Introduction to International Finance (IF)	1	Meaning, Role, Scope of IF	2	1	1	6
	2	Globalisation of the World Economy	2	1	1	8
	3	Structure of financial markets	2	1	1	6
LECTURE 2. International Monetary Systems (IMS)	4	International credit market	2	1	1	6
	5	International capital market	2	1	1	6
	6	Concept and Structure of International Liquidity	2	1	1	6
	7	Overview and Evolution of IMS	2	1	1	6
LECTURE 3. and Foreign Exchange Rates	8	Exchange rates regimes	2	1	1	6
	9	Factors influencing Exchange Rates	2	1	1	6
LECTURE 4. Balance of Payments (BP)	10	Introduction to BP and Components of BP	2	1	1	4
	11	Factors influencing the BP	2	1	1	8
	12	Methods of adjusting BP	2	1	1	8
LECTURE 5. International Financial Institutions (IFIs)	13	The role of other IFIs in IF	2	1	1	8
	14	The IMF Role Regarding Cross-Border Capital Flows	2	1	1	8
<b>Total</b>			<b>28</b>	<b>14</b>	<b>14</b>	<b>106</b>
<b>Main recommended references</b>						

## 4. Teaching methodology of the course

Explanation: Please explain the teaching methodology and pedagogical approaches of the course – maximum ½ page

Predominant form of **lectures** organization is frontal instruction. Frontal instruction refers to a teacher-centred instruction, where the lectures are organised in a way that the lecturer stands in front of the auditoriums of students and professes material according to the learning program.

When the lecture contains case studies where calculations are needed, students may be involved for calculations, in groups or individually.

**Seminars** are organised more in form of group instruction, which is more student-centred instruction, with direct involving of students in teaching process through:

- making short presentations on the topics relevant to the subject of the lecture: PPT presentations of mini-researches prepared individually as a homework (individually or in groups);
- group workshops: for example, dividing students in groups of different stakeholders/players in the financial market) and being requested to prove their position in a given situation;

*Pedagogical approaches* relate to decisions regarding the curriculum, disciplinary practices, student testing, textbook selection, the language used by the professor. Pedagogical approaches employed for the course are the following:

- Didactic method: provides students with the required theoretical knowledge; Didactic method can be applied also by using learning videos for showing the classroom or students can educate themselves individually as a part of individual task;
- Learning: the acquisition of knowledge or skills through study, experience, or being taught; Learning can take place both at home and in the classroom;
- Research: the systematic investigation into and study of materials and sources in order to establish facts and reach new conclusions; this activity is usually performed by the students individually at home, and only the results are shared in the classroom.
- Assessment: refers to the wide variety of methods or tools that are used to evaluate, measure, and document the academic readiness, learning progress, skill acquisition, or educational needs of students; Until it is not a self-assessment (as proposed in some course books), the assessment takes place in the university;
- Exposure method: closely related to exploration, is subjecting the student to an influencing experience. Exposure implies opening the student to the learning experience and learning something more in the process, through a participation in a case study, presentations, and other activities where the student can apply/manifest acquired knowledge and skills, etc. These activities take place in the university.

*Didactic means* used for both lectures and seminars, are the following: projector, computers, etc.

## 5. Labour market relevance of the course

Explanation: Please explain the labour market relevance of the course (linked to findings of WP1) – maximum ½ page

This course is designed to introduce to the international financial relations, international capital flows, exchange rates, current account and debt dynamics. The International Finance course's scope is to contribute to enhanced understanding of the rationale, methods and institutional design of the international financial relations. It prepares its students for a career in financial management, comprehensively addressing the breadth of the disciplines: International Monetary and Capital Relations, Corporate Finance, Macroeconomics, International Investments, etc.

For working in the areas of financial economics and development (whether in private or public institutions) the knowledge of the topics addressed in the course is of paramount importance.

In conditions of proliferation of cross-border financial relations and FinTech, which narrows the borders between countries, international financial relations become an increasingly important topic. In this context International Finance changes its paradigm comparing to the way it was organised before the acceleration of digitalisation in finance. In this condition of rapid development, both public and private employers, national and international, need qualified professionals understanding how modern international finance is organised and how to be part of it.

This lack of specialists prepared for the modern international finance system is observed in the Republic of Moldova in both private and public sectors. The course brings an evidenced value in preparing full-fledged financial professionals, which corresponds to the actual needs of labour market.

**Employment opportunities.**



Broader depiction of employment opportunities is presented in the figure below.

Public Sector	Private Sector
<ul style="list-style-type: none"><li>• Any supervisory function/ policy development function within Central Bank, MinFin, National Commission of Financial Market, National Security Service, The Office for Prevention and Combating of Money Laundering (Financial Intelligence Unit)</li><li>• Employee of financial department, policy, department, internal control function within the named institutions and any other public authority (city administration, other ministries, etc.)</li></ul>	<ul style="list-style-type: none"><li>• Employee of any of financial department, strategy department, internal control functions, etc.</li><li>• Financial consultancy and research companies</li></ul>

*Source: developed by the author.*

## 6. Assessment and grading

Explanation: Please explain the form of assessment of the course – maximum ½ page

The final grade consists of two components:

1. Current performance (formative assessment) represent the overall assessment of student's activity during the course - 60%. Students can choose one or more from the types of assessment listed below, but with the preliminary coordination with the lecturer:

- Assessment of current reports, individual works, research papers;
- Assessment of intermediate tests, as the case may be, and course assignments 1 or 2;
- Assessment of participating in relevant extracurricular activities (symposiums, conferences, round tables, etc.)

2. Examination mark (final evaluation) – 40%.

Practical modality of final assessment: writing paper (descriptive and/or multiple-choice test and/or case study solving etc.), oral examination by choosing task cards, etc.

## 7. References

Explanation: Please provide the main references and recommended reading for the course – maximum 1 page

Barry Eichengreen and Marc Flandreau, *The Federal Reserve, The Bank of England and the Rise of the Dollar as an International Currency, 1914 – 1939* BIS Paper, no. 328. November, 2010.

De Haan, J., Oosterloo, S., Schoenmaker, D., *European Financial Markets and Institutions*. Cambridge University. 2009.

Eichengreen., B., *Globalizing Capital: A History of the International Monetary System*. Third Edition. 2019.

Feenstra, R. C., & Taylor, A. M. (2014). *Essentials of International Economics* (3rd ed.). New York, NY: Worth Publishers.

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Fetiniuc, V., Lopotenco, V., Belobrov, A. *Relații valutare-financiare internaționale*. Note de curs. Chișinău: ASEM, 2005. 189 p. ISBN 9975-75-198-9.

IMF, *The Fund's Role Regarding Cross Border Capital Flows*, Nov. 2011.

International Monetary Fund. *Annual Report on Exchange Arrangements and Exchange Restrictions* 2018. Washington, DC: IMF. 2019.

Jordan, C., *International Capital Markets: Law and Institutions*, Oxford University Press, 2014  
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Kozak, Y., Sporek, T., & And others. (2014). *Essentials of International Economics: Questions & Answers*. Kiev-Katowice, NY: CUL.

Lopotenco, V. *Impactul globalizării financiare asupra eficienței sistemelor financiare*. In: *Rolul investițiilor în dezvoltarea economiei digitale în contextul globalizării financiare: conf.șt.intern.*, Chișinău, ASEM, 22-23 decembrie 2016.

Mankiw, N. G. (2016). *Principles of Macroeconomics* (8th ed.). Boston: Cengage Learning.

Mishkin, F. (2018). *The Economics of Money, Banking and Financial Markets* (12th ed.). MA: Pearson.

Mocanu, N., Draguta, S., Beda O., *International financial-currency relations*. University course notes. ASUM, Chisinau. 2015.

OECD. *Action Plan on Base Erosion and Profit Shifting*, OECD Publishing. 2013.

Pilbeam, K. (2013). *International Finance* (4th ed.). Red Globe Press.

Pilbeam, K. (2018). *Finance and Financial Markets* (4th ed.). Red Globe Press.

Terra C., *Principles of International Finance and Open Economy Macroeconomics*. Theories, Applications, and Policies. Université de Cergy-Pontoise, 2015.

Wang, P. (2005). *The Economics of Foreign Exchange and Global Finance* (3rd ed.). Berlin, NY: Springer Science & Business Media.

## 8. Course assignments

Explanation: Please provide two assignments for the course (e.g. group work, project, essay, case study, homework).

### 8.1 Assignment 1

Select one of the international organizations (IMF, WB, EBRD, EIB, ECB, etc.); and analyse the influence of its activity the local economy. The analysis can be done both, in terms of policy measures or in terms of financial operations.

Please select a concrete policy measure, financial operation or program and asses how it has influenced or more of the macroeconomic indicators of an individual country where the respective measure was applied or implemented.

For example, ECB monetary policy plays a crucial role in promoting investment, consumption and, ultimately, price stability by reducing the borrowing rates faced by the real economy. It is therefore can be concluded that on a local level of an individual economy (part of euro area) many of the jobs created over the past few years can be partly attributed to the implementation of ECB policies. This will represent the ECB's policy measure impact.

### 8.2 Assignment 2

Choose one of the intergovernmental organizations/unions (EU, Benelux, etc.) and analyze the impact of such a cooperation on the local economies.

Please select a concrete intergovernmental organization and describe how the participation in a such organization has influenced one of the individual participant economies.

For example, the Eurozone crisis of late 2009 has negatively affected UK's economy being a part of EU's integrated economy.

## **Annex: Presentation slides**

Explanation: Please provide presentation slides for your course (this can be done in a separate document, e.g. Power Point (Minimum: 25 slides))

The presentation slides are attached separately.