

## **International Financial Systems (in English) (3 US Credits)**

### **DESCRIPTION AND GOALS**

In recent times, the overwhelming development of Information Technologies, together with both globalization and the world spread process of liberalizing markets, has given the Financial Markets a leading role in our Economy and, even, in our lives. The evolution of the interest rate, the objectives of the Central Bank and its autonomy, the Tobin Tax, the role of the IMF and the WB, the so-called Internet Bubble, the sub-prime mortgage crisis, the sovereign debt crisis... finance is a main part of today's public debate.

This course attempts to analyze the structure of the Financial System, studying the different markets and products it offers in order to allow the flows of capital. The student taking this course will acquire a framework for understanding the Financial System, its evolution and products, being able to value financial instruments in a simple way. The concepts discussed in this course are a sound basis for anyone wanting to work thoroughly in financial markets or instruments. And, furthermore, the student will be able to fully understand the main debates surrounding financial issues.

Considering that finance is a sector in which is becoming difficult to separate the national market from the international one, we will consider the International Financial System as the object of study. Anyhow, the European Financial System will be used as a study-case and will provide most of the markets, institutions and instruments discussed.

### **SYLLABUS**

1. Functions of the Financial System (weeks 1-2)
2. Central Bank's role (weeks 3-5)
4. Banks, Insurance companies and other Intermediaries (weeks 6-7)
5. Foreign Exchange Market (week 8)
6. Fixed Income (weeks 9-10)
7. Stock Exchange (weeks 11-12)
8. Derivatives (weeks 13-14)

### **METHODOLOGY**

The teaching methodology can be divided into three blocks:

- theoretical-practical explanations by the lecturer of the contents of the course,
- practical activities and exercise solving by students during the lectures, and
- three essays on specific issues, to be written in pairs out of the classroom. A document with the guidelines for the essay will be given each time.

Students are required to read specialist economic press, along with the papers and reports prepared by the leading International Organizations and Public Entities, which will be provided during the course.

Dialogue and discussion between the lecturer and the students, and among students themselves, is a fundamental learning tool. Special emphasis is given to participation in class, particularly with respect to the in-class activities.

### **ASSESSMENT**

The final grade will be calculated according to the following percentages:

Regular papers throughout the course: 45%

In-class midterm: 15%

In-class test: 30%

Participation: 10%

**BIBLIOGRAPHY:**

- Fabozzi and Modigliani, 2002, *Foundations of Financial Markets and Institutions*, Pearson Education, New Jersey.
- Fabozzi and Modigliani, 2003, *Capital Markets, Institutions, and Instruments*, Prentice Hall, New Jersey.
- Kohn, 2004, *Financial Institutions and Markets*, Oxford University Press, Oxford.
- Plumer, 1998, *Financial Markets*, Kogan, London
- Rojas Suárez, 1997, *Safe and sound financial systems*, Inter-american Development Bank, Washington.
- Santomero and Babbel, 2001, *Financial Markets, Instruments and Institutions*, McGraw-Hill, New York.
- Sato, 1994, *Japan, Europe and International Financial Markets*, Cambridge University Press, Cambridge.
- Schlosser, 2002, *Business Finance*, Prentice Hall, London
- Teunissen, 2000, *The Management of Global Financial Markets*, FONDAD, The Hague.

Recommended websites:

[www.imf.org](http://www.imf.org)

[www.ecb.int](http://www.ecb.int)

[www.federalreserve.gov](http://www.federalreserve.gov)

[www.bankofengland.co.uk](http://www.bankofengland.co.uk)

[www.bde.es](http://www.bde.es)

[www.fibv.com](http://www.fibv.com)

[www.euronext.com](http://www.euronext.com)

[www.bolsasymercados.es](http://www.bolsasymercados.es)

[www.cnmv.es](http://www.cnmv.es)

[www.nyse.com](http://www.nyse.com)

**NOTE:** Class attendance is essential in all courses. Therefore, it will be checked daily. Missing classes will negatively affect the students' final grade.