Welcome:

Let me warmly welcome you to the hybrid International Banking class. This is an important class for finance students to be exposed to the global banking world. You should enjoy materials in this class that will affect you in improving your skills in analysis, integrating financial theories in banking, understanding current banking issues and challenges, and how banks make decisions. I will work with you closely to get through this course.

Please read the following questions on the structure of the course and supplementary materials that will be of help to you.

Instructor: Hung-Gay Fung, Ph.D.
Office phone: (314) 516-6374
Email: fungh@umsl.edu
Class Time: Wednesday/F2F (face-to-face, F2F) & online: 5:30pm-8:00pm
On-line lectures
Venue: SSB 411 (F2F)
Office: Anheuser Bush Hall: ABH 234, UMSL

Required Materials

Text:
(2) Cases materials (on canvas)
(3) Highly recommended material: Wall Street Journal and Financial Times
Questions to be answered for the China Business Class in this semester for the on-line section:

How will our class meet?
If we are unable to meet on campus for class, I will post an announcement on Canvas about how we will be meeting going forward. Zoom will be used for the class meetings and class discussion will take place on the Canvas discussion board. I will post regular announcements through Canvas but please do not hesitate to reach out through email with any questions you may have.

How will I meet with my instructor?
I will hold virtual office hours with you over Zoom if necessary or phone conversations with you during my designated office hours. If these hours no longer work with your schedule, please reach out and let me know. Please call me at my office phone (listed above) to discuss. Emails sent during the week (M-F) on the syllabus, will receive a response within 24 hours. Emails received over the weekend or during breaks/holidays will receive a response within 48 hours.

How often do I need to login to Canvas to view our online course?
You are expected to participate in the online activities for as long as we are unable to meet on campus. This may be one day if we experience inclement weather, or several weeks in the event of another wave of the pandemic. It is expected that you visit the course site daily. Below you will see a suggested schedule for how you should plan your time online and interact with the content.

Is it possible to receive course announcements as a text?
I will set notifications within Canvas to send you announcements as a text.
https://community.canvaslms.com/docs/DOC-26683-42121235713

How will I turn in my homework?
Homework and other assignments will be turned in through the assignments tab within Canvas or you can email it to my email address (fungh@umsl.edu). Instructions for submission can be found within the assignment.

How will I take my exams?
Exams will be delivered through Canvas. We will co-create an honor code for the class for ethical behavior in the class. Exams will now be open book. However, it is expected that you do not collaborate with others on exams. Please see the academic integrity specification by the University requirements about what is considered cheating and the associated consequences.

How will I see my Grades?
You can view your grades through the gradebook on Canvas.

If I am ill or can’t attend class for any other reason how I can participate in class?
Please contact me if you are ill or have changing situations so that I can understand how I can best help you through this difficult time. I will post a recording of the lecture, you can also
participate through Zoom live. Participation can be completed through an asynchronous discussion board about the content.

Manner in communication on the internet
Please be reminded that netiquette and civility are expected during the course of discussions over the internet in my class. Please be polite and respectful to the other people, your colleagues, and your group members.

Technology Requirements:
As a student in a blended course, you are expected to have reliable internet access almost every day. Please reach out to your academic advisor or student success network if you need hardware or access to the Internet. If you have computing problems, it is your responsibility to address these through the ITS Helpdesk (helpdesk@umsl.edu) or to use campus computing labs. Problems with your computer or other technology issues are not an excuse for delays in meeting expectations and missed deadlines for the course. If you have a problem, get help in solving it immediately. At a minimum, you will need the following software/hardware to participate in this course:

1. Computer with an updated operating system (e.g. Windows, Mac, Linux)
2. Updated Internet browsers (Google Chrome (required) or Mozilla Firefox)
3. Ability to navigate Canvas (Learning Management System)
4. Minimum Processor Speed of 1 GHz or higher recommended.
5. Reliable and stable internet connection.
6. Adobe Reader or alternative PDF reader (free)
7. A webcam and/or microphone is highly recommended.

Required Course materials (3 credit hours):

(1) Wall Street Journal (WSJ)- to subscribe, type in the following:
https://store.wsj.com/v2/shop/60616004?mbsy_source=09364539-f58a-4a82-9039-

(2) Power points slides and other materials for lectures
• All lecture materials will be available in canvas

This 3-credit course introduces students some basic concepts of Chinese business. In particular, students will be introduced to the general economic and business environment in China. The course will also discuss issues related to the trade and foreign direct investment, banking, stock market, financing issues, and marketing in China.

The course adopts a diverse and innovative approach to familiarize students with an overall picture of doing business in Chinese. The approach used in the course includes lectures, cases
analysis, student project presentation on Chinese business issues and companies, guest speakers, and others.

This course requires **6-7 hours** of work in addition to the time for all the lectures per week; it also meets a requirement for both the UMSL International Affairs and International Business certificates (equivalent to minors). For more information, see your advisor, the Bulletin, or the International Studies website: [www.cfis-umsl.com](http://www.cfis-umsl.com).

**Objective of the Course:**

The objective of this course is to introduce students to many challenging issues in international bank management. This is a specialized finance course dealing explicitly with global bank decision-makings of a multinational bank that uses a variety of financial tools and skills. We will discuss the rapidly blurring distinctions between commercial and investment bankers. Conceptual skills for life-learning (evolving) experiences relevant to the banking sector are emphasized.

This course employs a lecture and case format to expose students to international banking management issues, including unique functions of banking services, management of asset and liability in a global setting, and exchange risk management, bank capital adequacy and bank strategy in a dynamic environment.

This course relies heavily on group discussions and team building efforts. The students need to be aware of the issues raised in current newspapers such as Financial Times, and Wall Street Journal.

**Grade determination:**

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test</td>
<td>45%</td>
</tr>
<tr>
<td>Cases analysis/presentation (2 cases)</td>
<td>40%</td>
</tr>
<tr>
<td>Assignments (see canvas) + quizzes</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

5 Assignments (This is a group project for 2 points per each short paper that is one to two pages long summarizing different issues and give a conclusion). The files are on canvas.

- Bank goal – project 1
- Gender diversity – project 2
- Climate concern – project 3
- Basal standard update – project 4
- Money laundering – project 5
<table>
<thead>
<tr>
<th>DATE</th>
<th>CLASS</th>
<th>TOPIC - CHAPTER/CASES</th>
</tr>
</thead>
</table>
| 1/20  | 1     | **F2F**-Global Banking Issues - introduction  
Electronic payment issue |
| 1/27  | 2     | Online- continued |
| 2/03  | 3     | **F2F**- Chapter 1—Over view/ basic premises  
Problem #: 2, 6, & 9.  
**Assignment** (2pts) on project 1 (bank objective) |
| 2/10  | 4     | Online- Chapter 2: Globalization of Commercial Banking  
Chapter problems: A project (on p. 41), 2, 5, & 6. |
| 2/17  | 5     | **F2F**- Power point slides: Bitcoin and Block Chain; digital currency |
| 2/24  | 6     | Online- Global interest rate benchmark: **Libor Issues**  
(power-point slides)  
Chapter 3: Foreign exchange market |
| 3/03  | 7     | **F2F**: Chapter 3: continued  
Chapter problems: #6, 9, 13, &14.  
Chapter 4: Eurocurrency market |
| 3/10  | 8     | Online -- Chapter 4: continued  
Problems: # 10, 11, & 14  
**Assignment** (2 pts) on project 2 (gender diversity)  
Dim Sum Bond market –development (power point slides) |
| 3/17  | 9     | **F2F**: Chapter 5: Futures and Options  
Problems #: 2, 8, 14, & 18  
**Assignment** (2 pts) on project 3 (climate concern) |
| 3/24  | 10    | Online: continued |
| 3/31  | 11    | Online--**Mid-Term Test** |
| 4/07  | 12    | **F2F**--Chapter 6: Swaps and others derivatives  
Problems: # 5, 8, & 14. |
4/14 13 Online: Chapter 7: International Credit Function
Chapter problem: # 11, 14, & 18
Case 1: Chase’s Strategy for syndicating the Hong Kong Disneyland Loan (A)

Chapter 8: Sovereign Risk Analysis
Chapter problem: # 9, 10, & 11
Case 2: 2001 Crisis in Argentina: An IMF-sponsored Default (A)

4/21 14 F2F: Handout: Sovereign debt default: Argentina case

Chapter 9: Asset and Liability Management
Chapter problem: # 4, 9, & 11

4/28 15 Online:
Case 3: Abelli and Saviotti at Banca Commerciale Italina (A)

Chapter 10: Capital Adequacy
Problems: # 7, 11, & 12
Assignment (2 pts) on project 4 (Basel standard)
Case 4: ING and Global Financial Integration

5/05 16 F2F: Chapter 11: Toward Investment Banking Activities
Problems: # 3, 8, 9, 11
Case 5: Citibank Mexico Team: Salinas Accounts
HGF Case: ABN’s – The Issue of Money Laundering
Assignment (2 pts) on project 5 (money laundering)

Chapter 12: Bank Strategy
Chapter problem: # 4, 6, 7.

Case 6: Ming-Sheng bank.
International Bank Management
Fung Section

Case Study Preparation
Purpose:

The purpose of a case study is to provide students a scenario whereby given the limited information a decision has to be made. In reality, limited information is always a constraint on the financial manager. The critical element in the decision making process is that how the financial manager can fully utilize the available resources to make a logical decision.

Given the limited information, the most important problem is to identify the problem first. Once the problem is identified, the next step is to analyze the problem in order to have solution. In the process, assumptions have to make in order to facilitate analysis. The critical element in the recommendation is that whether the solution is robust to the assumption. In other words, various scenarios (sensitivity) analysis is important. As a result, the analyst needs to be aware of the assumptions made in the analysis and try very hard to ensure the recommendation is immune to different restrictive assumptions.

Written Part:

The paper (case report) should be self-contained. That is, it does not require other references to understand the content of the report. The analysis should be as detailed as possible. However, if the analysis is too technical, it can be put into the appendix without interfering the flow of the presentation of the paper. The length of the report can vary substantially, but it is roughly 10 to 15 pages in length.

The report should contain an introduction, and a plan of action for the paper (i.e., organization of the paper). Different sections should be labeled, with concluding remarks. The paper should be typed, double-spaced. The page limit should not be a concern at this point (but terse enough to be clear but needs details for the reader to understand what is going on-- this is exactly what I meant by self-contained in the paper).

Presentation requirements:

I would prefer every one in the group has a chance to present the materials in the case. After all, the purpose of the presentation is to enable the students a chance to speak in front of people and answer questions. I do encourage audience to ask cortical questions. This is a chance to learn and experiment what the real world looks like in a conference.
The presentation should be logical and let the audience a sense where you are going and how to present the materials. Do not assume the audience knows what you are doing!

**Grade Determination**

The performance of the group (as the case is submitted by the group) determines the grade (not individual with some exceptional case). As a result, it is important that the group performs well. I understand at times, there will be freeloader problem. If there is a problem, the students in the group should immediately report to the instructor so that appropriate actions could be taken. To be logical, the students who try to be free rider are hurting them in the long run because it is a small world after all. The bad image they leave to the group members will hurt them later on as they will become your colleague in the future (you never know!!).

In addition, responses to questions given in the open discussions by the instructor throughout the course will be graded and are accounted for 20% of your grade.

**Suggested questions to think about for the Cases:**

These questions are only suggestive in nature. You do not necessarily have to follow them strictly.

**Case 1: Chase’s Strategy for syndicating the Hong Kong Disneyland Loan (A)**

- How should Chase have bid in the first round competition to lead the H.K. Disneyland financing?
- What are the major credit issues for the lenders?
- How important is relationship in syndicated lending?
- What are the issues in syndication lending strategy?

**Case 2: 2001 Crisis in Argentina: An IMF-sponsored Default (A)**

Questions:
- What caused the breakdown of Argentina’s economy and society?
- Why didn’t Cavallo’s rescue plan work?
• What should duhalde do in response to Argentina’s crisis

Case 3: *Abelli and Saviotti at Banca Commerciale Italina (A)*

• Consider the “maps” of the overlapping organizational relationships in the Italian banking industry, presented in the figures at the end of the case. What do these maps and your reading of the case tell you about the situation confronting Abelli and Saviotti?

• Identify the key player in the pro-Eurobanca coalition and the pro-Banco Intesa coalition. What are the sources of the power and the vulnerabilities of the actors in each of the coalitions?

• What motivated different actors within the two coalitions?

• Assume you could turn back time for Abelli and Saviotti. What steps would you have advised Abelli and Saviotti to take to maximize the likelihood of closing the Eurobanca deal? When should have each step been taken? How would Mediobanca have responded?

• Given the situation facing them at the end of the case, what recommendations would you make to Abelli & Saviotti?

Case 4: *ING and Global Financial Integration*

• Evaluate the likely impacts of European integration and the single currency on financial institutions. Suggest the implications of these changes for ING’s corporate strategy.

• Evaluate possible changes in the Basle Accords

• Evaluate the unsatisfactory performance in ING in emerging markets

• Analyze the opportunities and challenges created by electronic banking. Evaluate ING’s Canadian Strategy and indicate the extent to which this Canadian strategy should be replicated in other countries.

Case 5: *Citibank Mexico Team: Salinas Accounts*

• What are the legal, ethical and management issues in the Salinas situation?

• In what ways is private banking vulnerable to money laundering?
• To whom or to what groups does Amy Elliott have responsibilities and what are these responsibilities? As Amy Elliott, what would you do?

• To whom or to what groups does the bank have responsibilities and what are these responsibilities?
• From the perspective of the bank’s CEO reviewing the situation at the end of the case, recommend a plan of action and explain why you favor that course of action.

**Case 6: The Minsheng Bank case:**

1. How to evaluate the value creation and discusses the process of international expansion through acquisitions in the banking industry and how to position a bank in the global market.

2. Illustrate the impacts of government regulation and highlight the barriers of acquisition in the global banking industry.

3. Discuss the development of the banking industry in China and the opportunities associated.

4. Discuss the credit issue starting in mid-2007. Is Minsheng’s investment in the US too risky?