

BPF_TFSC Transformation of the Financial System

Syllabus

Spring 2015

Course objectives

The main objective of the course is to acquaint students with the concept of financial system, the necessity and importance of financial transformation in the chosen emerging countries, and possibility of transformation process of the financial system to affect economic development. Students will be able to examine current issues and developments influencing the global or domestic financial sector of the economy from the historical perspective. Students should also be capable of discussing advantages and disadvantages of transformation process in the chosen emerging countries and understanding the causes and consequences of the 2007-2010 global financial crisis. The subjects of discussion in the course are chosen due to their demonstrative power to show successfulness of the transformation process of the economy in both Western and Eastern civilization models (the Czech Republic and the People's Republic of China, respectively) along with struggling, possibly worst case scenario of the transformation (the Russian Federation).

Lectures Outline

1. Introduction to the Course. Financial System and its Transformation: Basic Definitions and Concepts.
2. Global Financial System: Concept, Evolution and Major Institutions.
3. Financial Crises and Its Impact on the Financial System.
4. China's Economic Transition: Key Factors of Economic Development, Reformation Process, Results of the Economic Transformation, Challenges for the Future.
5. Financial System of China: Banking System, Financial Markets, Regulation and Supervision.
6. Economic Transition of Russia: Key Factors of Economic Development, Transformation Procedures, Results of the Economic Transformation, the 1998 Financial Crisis, Challenges for the Future.
7. Financial System of Russia: Banking System, the 1998 Banking Crisis, Financial Markets.
8. Economic Transition of the Czech Republic.
9. Banking System of the Czech Republic.
10. Prague Stock Exchange: Profile, History, Rules, Trading Groups, and Exchange Indices.
11. Capital Market of the Czech Republic: Structure, Present State, Expected Developments, and Specific Aspects.
12. Market Regulation and Protection in the Czech Republic (SEC).
13. Financial Management in Czech Firms: Principles and Practices.

Literature

Essential readings will be announced at the end of each lecture (Students are expected to prepare or lectures by reading the provided materials beforehand).

Basic definitions and concepts of the course are covered in:

Mishkin, F. S., and Eakins, S. G. (2012). Financial Markets and Institutions, 7th edition.

Outline of the lectures are available in the Study Materials.

Teaching methods

The course is taught in lectures only, which include class discussions and require active participation. Essays improve the ability of students to summarize a certain issue in the field of transformation of the financial system and discuss it critically. Readings serve to broaden and deepen the spectrum of knowledge students acquire during the lectures.

Assessment methods

For the successful completion of the course students are required to submit an essay on the specific topic and take a written exam (test of 20 questions or problems with multiple choices – up to 20 grade points). Exam questions are based on basic definitions and concepts discussed in the course, the analysis of developments in financial systems of Russia, China and the Czech Republic, as well as essential readings. Students will not be allowed to take an exam without submitting an essay with all the requirements fulfilled. Excellent essays would be awarded with additional grade points (up to 10). Additional grade points (up to 10) might be also gained for the lecture participation, which means that student is actively watching, listening and answering questions as the lecture progresses. Student tries to solve the suggested example problems as the lecture proceeds and proves that he/she has learned the material by answering the related questions and working the related problems incorporated in the summative assessment.

Essay topics

Every topic might be chosen by three students only. Other essay topics might be added after the consultation with teachers.

1. Financial development and economic growth – are they connected?
2. Why financial markets are regulated?
3. Regulation vs. deregulation of financial markets.
4. What trigger asset bubbles?
5. How speculative asset bubbles might be predicted?
6. Alternative energy sector: a new speculative bubble?
7. Costs and benefits of speculation.
8. Global financial system based on US dollar: where is the end?
9. The limits of financial globalization.
10. Financial innovation – an opportunity for financial development or cause of bankruptcies and financial crises?
11. How to compare financial systems?
12. China – is it a world's future economic power or just one-time wonder?
13. Capital markets of the Czech Republic and modern Russia.
14. Privatization process in Russia: what went wrong?

15. How oil and gas prices affect the stability of Russia's financial system?
16. Most effective ways to attract FDI. The experience of China.
17. Economic transformation in the Czech Republic and China: which one was more successful?
18. Drivers of the economic growth in the Czech Republic, China and Russia: which situation is better?
19. Banking systems of the Czech Republic and Russia: foreign-owned vs. state-owned.
20. Banking systems of China and Russia: two degrees of state domination.
21. Banking systems of China and Russia: key vulnerabilities.
22. Chinese stock market: opportunities and weaknesses for further development.
23. Czech stock market: opportunities and weaknesses for further development.
24. Is financial system of China sound and safe?
25. Is financial system of Russia sound and safe?
26. Is financial system of the Czech Republic sound and safe?

Essay requirements

- An essay should express your own opinions and thoughts, based on facts or supported by experts' opinions expressed in books, scientific articles, newspaper or magazine articles, or economic reviews (Please use materials only relevant to the topic). Quotations are obligatory and should be integrated into writing. At least **five sources** should be used for the writing.
- An essay must be **one page long** and should be well-organized. Begin the essay with an introduction stating the aims of the essay and conclude with a summary bringing together the main issues investigated in the essay.
- Faculty's official formatting requirements must be fulfilled (Times New Roman, font size of 12 points, 1.5 spacing between the lines, heading with student's name, UČO and topic).
- An essay should be written in English and be spell-checked, grammar-checked and personally proofread.
- List of references is required and might be put on the second page (use generator.citace.com for its compilation).
- Any tables and figures should be placed on the second page.
- Essay should be submitted to the Homework Vaults by **April 24, 2015**.
- Non-satisfactory essays will be awarded with zero grade points. Essays with a clear structure, a good understanding of the material and originality in the approach are likely to achieve a good mark.

Grading

Final grades would be given according to the following grading scale:

- A 28-30+
- B 26-27
- C 23-25
- D 21-22
- E 18-20
- F below 18

Plus/minus grading at student's request will not be used in this course.

Ethics Policy

Students in this course are expected to adhere to the Masaryk University's high standards of integrity as spelled out in the Disciplinary Code for Students. Anyone who cheats on exams, or who submits essay that is not their own, will be subject to the penalties set forth in the Code. Any copying, recording or leaking tests, use of unauthorized tools and aids or other disruptions of objectivity of exams will be considered non-compliance with the conditions for course completion as well as a severe violation of the study rules. Consequently, the teacher will finish the exam by awarding grade "F" in the Information System, and the Dean will initiate disciplinary proceedings that may result in study termination.