Faculty of Commerce and Economics
School of Banking and Finance

FINS 2622
EMERGING CAPITAL MARKETS

COURSE OUTLINE
SESSION 1, 2006
1. COURSE STAFF
Course Coordinator: Dr Vince Hooper
Email address: v.hooper@unsw.edu.au
Room: QUAD 3031A
Lectures during: Weeks 6 to 14
Consultation: Wednesday 1-2pm

Other Teaching Staff: Dr Eliza Wu
Email address: e.wu@unsw.edu.au
Room: QUAD 3060
Lectures during: Weeks 1 to 5
Consultation: Monday 9-10am and 5-6pm

1.1 Communication with Staff
Students with queries regarding course administration or lecture contents should:
· Check WebCT site and UNSW student email address
· See lecturer responsible during his/her consultation times
· Email the responsible lecturer using your UNSW student email address

2. INFORMATION ABOUT THE COURSE

2.1 Teaching times and Locations
There is a 2 hour lecture followed by a 1 hr discussion each week on:

Thursdays 2-5pm in Webster Theatre A

2.2 Units of Credit
This course has 6 units of credit and 3 contact hours per week.

2.3 Parallel teaching in the course
The material in this course may be taught in conjunction with FINS5522 Emerging Financial Markets in the Masters of Commerce Program. However, the assessment requirements differ.

http://www.unsw.edu.au/learning/pve/approvedpolicies.html#PolicyonParallelTeachingatUNSW

2.4 Relationship of this course to other course offerings
This course is an elective finance course that should be studied for a specialisation in international finance or for general interest. It builds on the finance concepts learnt in the first and second year finance core courses and provides students with a different perspective of finance in an emerging markets context - vital for a finance professional upon graduation.

2.5 Approach to learning and teaching
Students are expected to collect their own references from the internet and library databases, relevant to the topics covered as this course is dominated by a student-centred research orientated approach with structure and guidance provided. This design allows you to take greater sovereignty over your learning.
3. COURSE AIMS AND OUTCOMES

3.1 Course Aims
This subject provides an introduction to emerging capital markets. Emerging capital markets have become in vogue as a result of a wave of mass financial liberalization, which occurred towards the end of the 1980s. Emerging financial markets behave differently to developed financial markets because of their level of integration (or conversely degree of segmentation) with world markets. A major aim of this course is to examine the issues pertinent to investment in emerging financial markets from both the perspective of international investors and policy makers. The issues broadly revolve around financial crises, liberalization and capital flows, pricing of political risks, currency and other risks, governance and financial architecture, and regional integration.

3.2 Student Learning Outcomes
By the end of this course, you should be able to:
1) Have a working knowledge of emerging financial systems
2) Discuss and write about major emerging market topics
3) Conduct independent research and evaluation on emerging financial market issues
4) Collaborate with other class members in tutorial tasks

3.3 Teaching Strategies
This course consists of weekly 3 hour sessions delivered through a 2 hr lecture on the current week’s topic followed by a 1 hr tutorial involving discussion(s) from the previous week’s topic.

All groups are expected to prepare for tutorial discussions in the week following the weekly lecture as student teams are randomly selected to lead informed discussion of key concepts and to encourage class participation. Lead groups are expected to reflect and write up on what they have learnt after each week’s tutorial and this will be posted on the web as a study tool for all class members and contribute to peer-assisted learning. The lecturer facilitates tutorial discussions to ensure that students engage in a constructive dialogue for learning purposes.

The high levels of communication, interaction and preparation required are intended to help students with developing the necessary independent research and teamwork skills for success in other finance courses and in the workplace.

4. STUDENT RESPONSIBILITIES AND CONDUCT

4.1 Workload
It is expected that you will spend at least ten hours per week studying this course. This time should be made up of reading, research, working on exercises and problems, and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater.
Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

4.2 Attendance
Your regular and punctual attendance at lectures and seminars is expected in this course. University regulations indicate that if students attend less than eighty per cent of scheduled classes they may be refused final assessment.

4.3 General Conduct and Behaviour
You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: www.my.unsw.edu.au

4.4 Keeping informed
You should take note of all announcements made in lectures, tutorials or on the course web site. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information.

5. LEARNING ASSESSMENT

5.1 Formal Requirements
In order to pass this course, you must:
- achieve a composite mark of at least 50; and
- make a satisfactory attempt at all assessment tasks (see below).

5.2 Assessment Details
Assessment in this course lends itself to greater peer-assisted learning and skills development.

1. Self-Assessment Tutorial Summaries (SATS) covering tutorial work/discussion will be assessed. Students will be advised at the beginning of each tutorial whether they need to lead the topic discussion relating to the previous lecture. Only lead groups need to submit a written summary of the tutorial discussions for assessment (both hard and soft copy). The summaries from each tutorial will be posted on webct for other class members to view. Note Self-Assessment Tutorial discussion topics will not be distributed via WebCT before tutorials but handed out in hard copy format in lectures. It is therefore worthwhile to attend lectures. Students that do not submit any of the SATS will be awarded zero for this subject. SATS should be taken seriously as they will constitute 20% of the total subject assessment and assist other students in learning. Your group mark will take into account your group-led tutorial discussion and the quality of your reflection and written summary. Success in SATS will lay the foundation for success in further subject assessment components and contribute to peer assisted learning.
2. **Midsession Test.** A short-answer midsession test will be held in Week 5 based on topics from previous weeks. This will constitute 20% of the total subject assessment. The midsession test will last 1 hr and revolve around answering short answer questions. It will be important to know and cite relevant literature provided by both the lecturer and material that you have collected yourself.

3. **Final Exam.** A written final exam will be held in the examination period based on topics from previous weeks. This will constitute 60% of the total marks for this course. The exam will last 2.5hrs and usually revolve around answering 3-4 detailed essay questions. It is important that you commence your revision early as this is a major component of the assessment. It will be important to cite relevant literature provided by both the lecturer and material that you have collected yourself in your subject work folders.

To summarise, the breakdown of marks are:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Group SATS</td>
<td>20% (Randomly collected)</td>
</tr>
<tr>
<td>Mid-session Examination</td>
<td>20%</td>
</tr>
<tr>
<td>Final Examination</td>
<td>60%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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</tbody>
</table>

5.3 **Assignment Submission Procedure**

It is advisable to keep a duplicate copy of all works submitted for assessment as these will not normally be returned. **EMAIL SUBMISSIONS ARE UNACCEPTABLE** and will be awarded a mark of zero.

5.4 **Late Submission**

Assignments submitted late will have marks deducted.

5.5 **Special Consideration and Supplementary examinations**

Please follow the University’s procedures when applying for a supplementary examination or special consideration. **ONLY IN EXCEPTIONAL CIRCUMSTANCES WILL A SUPPLEMENTARY EXAM BE OFFERED.** If a supplementary examination is held, a Viva-Voce interview with the candidate concerned may also be conducted by a panel of Professors from the School of Banking and Finance.

UNSW Policy and information on special consideration, including supplementary exams can be found at: [https://my.unsw.edu.au/student/atoz/SpecialConsideration.html](https://my.unsw.edu.au/student/atoz/SpecialConsideration.html)

- Applications for special consideration (including supplementary examinations) must go through UNSW Central administration (within 3 working days of the assessment to which it refers) – applications will **not** be accepted by teaching staff.
• Applying for special consideration does not automatically mean that you will be granted additional assessment or that you will be awarded an amended result;
• If you are making an application for special consideration (through UNSW Central Administration) please notify your Lecturer in Charge;
• Please note: a register of applications for Special Consideration is maintained. History of previous applications for Special Consideration is taken into account when considering each case.

5.6 Assignment Format
It is expected that all assignments be word processed and a word count provided. An assessment cover sheet also needs to be downloaded from the School of Banking and Finance website, filled out and submitted with all assignments.

6. ACADEMIC HONESTY AND PLAGIARISM
The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For full information regarding policies, penalties and information to help you avoid plagiarism see: http://www.lc.unsw.edu.au/plagiarism/index.html

7. STUDENT RESOURCES

7.1 Course Resources

2. Another reference is “Performing Financial Studies A Methodological Cookbook”, Michael J. Seiler, Pearson Prentice Hall. This will be a useful guide for the research project but it is an optional text.

3. Additional materials provided on WebCT

4. The library databases that you may find highly useful are ABI Inform Global, Econ Lit, Sirius and SFX.

7.2 Other Resources, Support and Information
The University and the Faculty provide a wide range of support services for students, including:

• Learning and study support
  o FCE Education Development Unit (http://education.fce.unsw.edu.au )
  o UNSW Learning Centre (http://www.lc.unsw.edu.au )
  o EdTec – WebCT information (http://www.edtec.unsw.edu.au )

• Counselling support : http://www.counselling.unsw.edu.au

• Library training and support services : http://info.library.unsw.edu.au
• **Disability Support Services** – Those students who have a disability that requires some adjustment in their teaching or learning environment are encouraged to discuss their study needs with the Course Coordinator or the Equity Officer ([http://www.equity.unsw.edu.au/disabil.html](http://www.equity.unsw.edu.au/disabil.html)). Early notification is essential to enable any necessary adjustments to be made.

In addition, it is important that all students are familiar with University policies and procedures in relation to such issues as:

- **Examination procedures** and advice concerning illness or misadventure ([https://my.unsw.edu.au/student/academiclife/assessment/examinations/examinationrules.html](https://my.unsw.edu.au/student/academiclife/assessment/examinations/examinationrules.html))


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**8. CONTINUAL COURSE IMPROVEMENT**

As Emerging markets are continually evolving, our teaching must also advance to equip UNSW students with the latest thinking in this area.

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW’s Course and Teaching Evaluation and Improvement (CATEI) Process ([http://www.ltu.unsw.edu.au/ref4-5-1_catei_process.cfm](http://www.ltu.unsw.edu.au/ref4-5-1_catei_process.cfm)) is one of the ways in which student evaluative feedback is gathered. Significant changes to courses and programs within the School are communicated to subsequent cohorts of students.

**9. COURSE SCHEDULE**

<table>
<thead>
<tr>
<th>Week</th>
<th>Dep</th>
<th>Course Title</th>
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<tbody>
<tr>
<td>1</td>
<td>(EW)</td>
<td><strong>Introduction to Emerging Financial Systems,</strong></td>
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<tr>
<td></td>
<td></td>
<td><strong>B &amp; C chapters 1 and 2</strong></td>
</tr>
<tr>
<td>2 &amp; 3</td>
<td>(EW)</td>
<td><strong>Inflation and Currency Stability,</strong> <strong>B &amp; C</strong></td>
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<tr>
<td></td>
<td></td>
<td><strong>chapter 6</strong> &amp; <strong>Monetary Union</strong></td>
</tr>
<tr>
<td>4</td>
<td>(EW)</td>
<td><strong>Asset pricing in Emerging Markets</strong></td>
</tr>
<tr>
<td>5</td>
<td>(EW)</td>
<td><strong>Mid-Session Test</strong></td>
</tr>
<tr>
<td>6</td>
<td>(VH)</td>
<td><strong>The Emerging Markets Phenomenon,</strong> <strong>B &amp; C</strong></td>
</tr>
<tr>
<td>7</td>
<td>(VH)</td>
<td><strong>chapter 1</strong></td>
</tr>
</tbody>
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*Case Study: The Asian Financial Crisis, B & C chapter 7, 8

*Mid-Session Break*
Week 8 (VH) Financial Repression and Financial Liberalization, B & C chapter 2
Privatisation and Liberalization, B & C chapter 3

Week 9 (VH) Legal Foundations, B & C chapter 4
Information and Control, B & C chapter 5

Week 10 (VH) Corporate Governance

Week 11 (VH) Political Risk in Emerging Capital Markets
Standard and Poors/Moodys Sovereign Debt Credit Rating/Spread Changes and Impact on Emerging Capital Markets

Week 12 (VH) Regional Integration of Capital Markets

Topic 13 (VH) Building Financial Institutions, B & C chapter 9
Future Developments in Emerging Markets

Topic 14 (VH) Revision

Note: B & C refers to chapters in the prescribed text book by Beim and Calomiris. In addition, extra reading material will be distributed by the Web CT site.

10. Discussion Questions

Note: Additional Questions will also be handed out during Lectures! In ALL weeks

Weeks 1-4: Questions to be distributed in class

Week 6: Questions to be distributed in class

Week 7: Beginning of Chapter 1 of B & C: All Questions

Week 8: Beginning of Chapters 7 & 8 of B & C All Questions

Week 9: Beginning of Chapter 3 of B & C All Questions

Week 10: Beginning of Chapter 4 & 5 of B & C All Questions

Week 11: Questions to be distributed in class

Week 12: Questions to be distributed in class

Week 13: Questions to be distributed in class

Week 14: Beginning of Chapter 9