

Fudan Summer Series

Chinese Financial Markets

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Course Description

This course aims to providing the international students with an understanding of how the Chinese financial markets originated and developed, what reforms have been done, the Chinese characteristics, and challenges and difficulties in future reforms.

Starting with a comprehensive introduction, the course covers the major financial markets in China, including the central bank and the banking system, the security market and the foreign exchange market. Each market will be an individual topic, for which the instructor will first review the fundamental concepts and theories, explain the history and facts in China, compare the domestic system with that of the international, present examples and cases, and finally talk about the future reforms.

The total teaching time will be 40 teaching hours. The class will be divided into 8 groups, each of which is composed of 6-7 students. Each group will give a 30-minute presentation on a designated topic by the lecturing professor. No final exam would be set, but each student will write an individual thesis before the end of the course.

The course will be conducted in English. Textbooks, instructor's PPT files and supplementary readings will all be provided in English. Students also write their final theses in English.

Textbook

Foundations of Financial Markets and Institutions (4th Edition, FMJ), by Frank J. Fabozzi, Franco Modigliani, Frank J. Jones, ISBN: 978-7-111-32325-9, November 1, 2010, Pearson Education (Re-printed by China Machine Press)

Supplementary reading will be uploaded in the university eLearning system.

Grading

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| Classroom attendance and participation | 20% |
| Classroom project presentation | 30% |
| Final thesis (individual) | 50% |

Teaching Plan

Class 1 (Jul. 5) Introduction

1. Student Self Introduction
2. Course Introduction
3. Financial Assets, Financial Institutions, and Financial Markets

READING: FMJ Chapter 1

Elliott, Douglas and Kai Yan, “The Chinese Financial System: An Introduction and Overview”, John L. Thornton China Center Monograph Series, July 2013

Class 2 (Jul. 6) The Central Bank and the PBoC (1)

1. Monetary Authority and Monetary Policy
2. History and Role of People’s Bank of China

READING: FMJ Chapter 4

PBoC Annual Report, 2013

Class 3 (Jul. 8) The Central Bank and PBoC (2)

1. Interpreting PBoC’s Monetary Policies since 2000
2. Student Presentations

1) the Role of the European Central Bank;

2) the Role of the US Federal Reserve

READING: FMJ Chapter 5

Class 4 (Jul. 12) Banking System in China (1)

1. Depositary Institutions and Basal Accord
2. Current Chinese Banking System

READING: FMJ Chapter 3

Okazaki, Kumiko, “Banking System Reform in China: the Challenges of Moving Toward a Market-Oriented Economy”, Rand National Security Research Division, 2007

Leigh, Lamin and Richard Podpiera, “The Rise of Foreign Investment in China’s Banks—Taking Stock”, IMF working paper, WP/06/292, 2006

Class 5 (Jul. 13) Banking System in China (2)

1. The Reform of Chinese Banking System in 2000’s
2. Interest Rate Liberalization and Internet Finance in China
3. Student Presentations:

3) How will interest rate liberalization reshape the Chinese banking industry?

4) P2P lending in China: What went wrong?

READING: Economides, Nicholas, “The Impact of the Internet Finance on Financial Markets”

Class 6 (Jul. 15) Visiting Shanghai Futures Exchange

Class 7 (Jul. 19) The Stock Market in China (1)

1. Trading Mechanism in Stock Exchange
2. The History of Chinese Stock Market
3. The Split-Stock Reform

READING: FMJ Chapter 18

Chen, Zhiwu, "Stock Market in China' Modernization Process: Its Past, Present and Future Prospects",

Qi, Bin, "Nontradable Share Reform in Chinese Stock Market", 2007

Class 8 (Jul. 20) The Stock Market in China (2)

1. Speculative Bubbles in the Chinese Stock Market
2. Student Presentations
 - 5) *The Transition from Approval-based to Registration-based IPO System: the benefits and obstacles;*
 - 6) *How to Curb the Over Speculation in the Chinese Stock Market;*

READING: FMJ Chapter 19

Class 9 (Jul. 22) Individual Thesis Writing Tutoring and Q&A

Individual thesis due on 12:00am(midnight) July 25th.

Class 10 (Jul. 26) RMB Exchange Rate Reform (1)

1. Exchange Rate and Exchange Rate Regime
2. The Impossible Triangle in International Economic
3. History of RMB Exchange Rate Reform

READING: Habermeier, Karl, *et al.*, "Revised System for the Classification of Exchange Rate Arrangement ", IMF working paper, WP/09/211, 2009

Yi, Gang, "Exchange Rate Arrangement: Flexible and Fixed Exchange Rate Debated Revisited", 2013

Class 11 (Jul. 27) RMB Exchange Rate Reform (2)

1. Function of RMB offshore Market
2. Student Presentations
 - 7) *The road of RMB Going International*
 - 8) *Is it the right time to open the Chinese financial market?*

Class 12(Jul. 29) Thesis Evaluation and Comments

Teaching contents and agenda may be adjusted according to the classroom response.