

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE

SIMON KUZNETS KHARKIV NATIONAL UNIVERSITY OF ECONOMICS

INTERNATIONAL FINANCE

**Guidelines to practical tasks and individual work
of Bachelor's (first) degree students
of speciality 291 "International Relations,
Public Communications and Regional Studies"**

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The guidelines for practical tasks and students' individual work on the academic discipline are given. The main issues of the topics which are studied according to the plan of lectures, practical tasks and guidelines to them are provided. Tasks for individual work, questions for self-assessment and individual in-depth study, and topics for writing essays are offered.

For Bachelor's (first) degree students of speciality 291 "International Relations, Public Communications and Regional Studios".

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Introduction

The speed of financial flows in the modern world is rapidly achieving the speed of information. In this regard, an important competence of a specialist in international relations is not only the ability to navigate in the world of finance, but also the ability to use various financial instruments, respond to changes in global financial markets, and correctly interpret financial information. Awareness of currency relations ensures appropriate effort to reduce currency risks in international business. Familiarity with corporate finance in terms of methods, forms and tools of international payments facilitates effective organization of international payments. The ability to read and analyze the country's balance of payments data will help determine the state of its economy and the reliability of international partners – residents of this country.

The object of the academic discipline "International Finance" is international financial relations and processes that highlight the aspects of management decision-making in foreign policy.

The subject of the academic discipline is the system of financial relations that arise during international activities, relate to commercial and credit operations, and make the basis for international settlements.

The purpose of the academic discipline is to form future bachelors' knowledge of the evolution of global finance, redistribution of financial resources in the world economy, the functioning of global financial centers, as well as the ability to make international payments, obtain loans, use various financial instruments and make informed decisions in finance.

The main tasks of studying the academic discipline is to study the mechanism and tools of decision-making in the currency and credit spheres at the international level, the formation of a system of theoretical knowledge, applied skills as to the functioning of exchange rates, determining the functioning of international currency, credit and stock markets.

In the course of individual work students must become active participants in the educational process, learn to develop conscious attitude to mastering the theoretical and practical knowledge, to navigate freely in the information space, to take individual responsibility for the quality of their own educational activities.

A necessary element of successful mastering of the educational material of the academic discipline is the individual work of students with legislation documents on the regulation of financial relations, international financial

organizations, domestic and foreign special literature. Individual work is the main means of mastering the educational material in the time free from compulsory classes.

The main types of individual work offered to students are as follows:

1. Work on the development and study of recommended literature.
2. Learning the basic terms and concepts on the topics of the academic discipline.
3. Preparation for laboratory classes, discussions, work in small groups, testing.
4. Test of each student's personal knowledge on the issues for individual in-depth study and self-assessment.
5. Preparation for current and final control.
6. Work on essays, scientific articles, abstracts.

The student can perform individual work on mastering the educational material on the academic discipline in the library, educational offices, computer classes (laboratories), and at home.

1. The individual plan of student's work

The student's work on practical tasks takes place during classroom classes according to the plan given in Table 1.

Table 1

The individual plan of student's work on practical tasks

Topic	Forms and types of education	Forms of evaluation
1	2	3
Content module 1		
Finance, money, and the world financial system		
<i>Topic 1.</i> The essence of finance and its role in international relations	Questions for discussion: 1.1. The essence of finance and its place in international relations. 1.2. The finance structure and the main financial categories. 1.3. The functions and the role of finance in international cooperation development	Active participation in classroom activities (the number of correct answers)
<i>Topic 2.</i> Money and financial system	Questions for discussion: 2.1. The origin and essence of money. 2.2. Forms and functions of money. 2.3. The essence and structure of the financial system. Problem solving	Active participation in classroom activities (the number of correct answers)
<i>Topic 3.</i> International finance: concepts and purposes	Questions for discussion: 3.1. The essence and role of international finance. 3.2. International financial flows. 3.3. World financial market. Problem solving. Presentation of individual tasks	Active participation in classroom activities. Consideration of the prepared materials in the classroom
<i>Topic 4.</i> The world financial system	Questions for discussion: 4.1. The structure and participants of the world financial system. 4.2. Functioning of the world financial system in the conditions of globalization. 4.2. The world's major financial centers. 4.3. Offshore zones in the system of world financial centers. Problem solving	Active participation in classroom activities. Consideration of the prepared materials in the classroom

Table 1 (the end)

1	2	3
Content module 2		
The world monetary system and international financial institutions		
<i>Topic 5.</i> The world monetary system and the principles of its operation	Questions for discussion: 5.1. The evolution of the world monetary system. 5.2. The essence of currency, currency values and currency transactions. 5.3. Exchange rate, currency transactions and their types. Problem solving. Presentation and discussion of essays	Active participation in classroom activities. Consideration of the prepared materials in the classroom
<i>Topic 6.</i> International transactions as a form of international relations	Questions for discussion: 6.1. The essence and relationship of the concepts of international transactions and currency transactions. 6.2. Currency and finance conditions of international transactions. 6.3. Risks of international transactions. Problem solving	Active participation in classroom activities (number of correct answers)
<i>Topic 7.</i> Activities of international financial institutions	Questions for discussion: 7.1. The International Monetary Fund. 7.2. The World Bank and its role in international relations. 7.3. The International Bank for Reconstruction and Development. Presentation and discussion of essays	Active participation in classroom activities (the number of correct answers). Consideration of the prepared materials during the individual work
<i>Topic 8.</i> The balance of payments of the world countries	Questions for discussion: 8.1. The essence, principles of compilation, the structure of the country's balance of payments. 8.2. Balancing the balance of payments' items and the concept of its economic equilibrium. 8.3. The country's international investment position. Problem solving. Presentation and discussion of essays	Active participation in classroom activities (the number of correct answers). Consideration of the prepared materials during individual work

The student's practical work is provided with a system of teaching aids designed for the study of the academic discipline. The aids are located on the S. Kuznets KhNUE site of personal educational systems. You can refer to the teaching aids provided for the study of the academic discipline "International

Finance" at: <https://pns.hneu.edu.ua/enrol/index.php?id=5362>. For each topic, the students can find tasks for practical classes, with guidelines to them as well as other additional materials on the academic discipline.

The student's individual work on mastering the educational material on the academic discipline is done according to the individual plan, which is presented in Table 2.

Table 2

The individual plan of the student's self-study

Topic	Forms and types of individual work	Forms of evaluation
1	2	3
Content module 1		
Finance, money, and the world financial system		
1. Preparation for current classes		
<i>Topic 1.</i> The essence of finance and its role in international relations	Study of literature, texts of lectures and materials of the site of personal educational systems on topic 1. Preparation for practical session 1. Search and review of literary sources on the given issue. Writing an essay	Active participation in classroom activities (the number of correct answers). Consideration of the prepared materials during the individual work
<i>Topic 2.</i> Money and financial system	Study of literature, texts of lectures and materials of the site of personal educational systems on topic 2. Preparation for practical session 2. Search and review of literary sources on the given issue. Doing the of practical tasks. Writing an essay	Active participation in classroom activities (the number of correct answers). Consideration of the prepared materials during the individual work
<i>Topic 3.</i> International finance: concepts and purposes	Study of literature, texts of lectures and materials of the site of personal educational systems on topic 3. Preparation for practical session 3. Search and review of literary sources on the given issue. Doing the practical tasks. Writing an essay	Active participation in classroom activities (the number of correct answers). Consideration of the prepared materials during the individual work
<i>Topic 4.</i> The world financial system	Study of literature, texts of lectures and materials of the site of personal educational systems on topic 4. Preparation for practical session 4. Search and review of literary sources on the given issue. Doing the practical tasks. Writing an essay	Active participation in classroom activities (the number of correct answers). Consideration of the prepared materials during the individual work

Table 2 (the end)

1	2	3
Content module 2		
The world monetary system and international financial institutions		
<i>Topic 5.</i> The world monetary system and the principles of its operation	Study of literature, texts of lectures and materials of the site of personal educational systems on topic 5. Preparation for practical session 5. Search and review of literary sources on the given issue. Doing the practical tasks. Writing an essay	Active participation in classroom activities (the number of correct answers). Consideration of the prepared materials during the individual work
<i>Topic 6.</i> International transactions as a form of international relations	Study of literature, texts of lectures and materials of the site of personal educational systems on topic 6. Preparation for practical session 6. Search and review of literary sources on the given issue. Doing practical tasks. Writing an essay	Active participation in classroom activities (the number of correct answers). Consideration of the prepared materials during the individual work
<i>Topic 7.</i> Activities of international financial institutions	Study of literature, texts of lectures and materials of the site of personal educational systems on topic 7. Preparation for practical session 7. Search and review of literary sources on the given issue. Doing the practical tasks. Writing an essay	Active participation in classroom activities (the number of correct answers). Consideration of the prepared materials during the individual work
<i>Topic 8.</i> The balance of payments of the world countries	Study of literature, texts of lectures and materials of the site of personal educational systems on topic 8. Preparation for practical session 8. Search and review of literary sources on the given issue. Doing the practical tasks. Writing an essay	Active participation in classroom activities (the number of correct answers). Consideration of the prepared materials during the individual work
Preparation for the exam	Revision of the studied material. Review of the performed practical tasks	Carrying out the examination tasks

The student's individual work is provided with a system of teaching aids designed for the study of the academic discipline, which are located on the S. Kuznets KhNUE website of personal educational systems. Methodical materials for individual work of students provide the possibility of self-assessment. Relevant scientific and professional monographic and periodical literature is also recommended for the student's individual work.

2. General recommendations for writing an essay

The student's essay is an individual written work on a topic proposed by the instructor (the student can also suggest a topic, but it must be agreed with the instructor). The purpose of the essay is to develop skills in individual creative thinking and expressing their own thoughts in writing. Writing an essay is extremely useful because it allows the author to learn to clearly and competently formulate opinions, structure information, use the main categories of analysis, identify cause-and-effect relationships, illustrate concepts with relevant examples, argue their conclusions; master the scientific style of speech.

The essay should contain a clear statement of the essence of the problem, analysis of this problem using the concepts and analytical tools considered within the discipline, conclusions that summarize the author's position on the problem.

Depending on the specifics of the chosen topic, the forms of essays can be significantly differentiated. In some cases, this may be an analysis of available statistics on the research problem, analysis of media materials and the use of research models, a detailed analysis of the proposed task with detailed ideas, selection and detailed analysis of examples illustrating the problem, and so on.

The choice of the topic of the essay is an important stage of the task, because the topic should not initiate the presentation of only definitions of concepts, its purpose is to encourage reflection. The topic of the essay should contain a question, a problem, and it should motivate to think. Thus, the quality of the abstract or essay written by a student depends on the formulation of the proposed topic.

The essay expresses individual impressions and considerations on a particular occasion or issue and does not clearly claim to be a defining or exhaustive interpretation of the subject. Mostly, the essay presupposes a new, subjectively colored word about something and can have a philosophical, historical-and-biographical, journalistic, literary, critical, popular science, fictional character.

The quality of any essay depends on three interrelated components, such as:

1. The source material to be used (abstracts of literature, lectures, notes of discussions, their own opinions and experience gained on this issue).

2. The quality of processing of the available source material (its organization, argumentation and conclusion).

3. Argumentation (how exactly it relates to the issues raised in the essay).

The structure of the essay contains four main elements: 1) the title page; 2) the introduction; 3) the main part; 4) the conclusion; 5) the list of the used sources.

The title page should contain information about the student's place of study such as the name of the university, the academic discipline; the essay topic; the academic year, group, surname and name of the essay author; position, academic degree, academic title, last name, first name, patronymic of the instructor who gave the task to write the essay and will grade it.

The introductory part of the essay (or introduction) contains a rationale for choosing this topic, which consists of several components, logically and stylistically related. At this stage, it is very important to correctly formulate the question to which the author of the essay is going to find the answer in the course of research. While working on the introductory part of the essay, the following questions can help: "Should we define the terms that appeared in the topic of the essay?"; "Why is the topic important now?"; "What concepts will be involved in my thoughts on the topic?"; "Can I divide the topic into several smaller subtopics?"

The main part of the essay covers the theoretical foundations of the chosen problem and contains a statement of the main issue. This part involves the development of argumentation and analysis, as well as justification of the arguments based on the available data, other arguments and positions on this issue. This is the main content of the essay and it is the most difficult part. Therefore, subheadings are important. Subheadings help to make the structuring of the argument; it is here that it is necessary to substantiate (logically, using data or exact reasoning) the proposed argumentation/analysis. Where necessary, graphs, charts and tables can be used as an analytical tool.

While writing an essay, it is necessary to remember that the main part can be divided into subsections, paragraphs, which contain auxiliary questions or divide the main question into components that facilitate the perception of the material.

For example, one of the essays on topic 1 is "Decentralized monetary systems: advantages and disadvantages". For better structuring and improvement of development of the topic, the main part can be divided into the following subsections:

the concepts and examples of decentralized monetary systems;

the advantages of decentralized monetary systems;
the shortcomings and threats of decentralized monetary systems.

That is, one sub-item of the essay topic should contain only one statement and, accordingly, the proof may be supported by graphic and illustrative material. Therefore, filling the content of the sections with arguments (corresponding to subheadings), it is necessary to limit oneself to the consideration of one main idea within the paragraph.

A well-proven way to write any essay is to use subheadings to highlight the key points. Effective use of subheadings may also indicate the presence or absence of logic in the coverage of the topic.

The conclusion is the resume of writing the essay; it should contain generalizations, and reasoned answers to the questions that formed the basis of writing the essay. It is recommended that the conclusion demonstrate the author's attitude to the problem, an indication of whether the given answer is final, or whether the question may require further research.

Technical recommendations for the essay design

The total length of the essay (excluding the title page and the list of references) should be 5 – 7 pages of text.

The font of the text should be Times New Roman.

1.5 line spacing is to be set.

Scanned figures and tables are not allowed.

All quotations and borrowed parts of the text must contain a reference to the source of information. For example, [3, p. 15] means that the information is borrowed from the 3rd item in the list of references, the 15th page.

The link to information from the Internet must be correct. It should contain the name of the source, its author (if any) or the name of the organization that provides this information. For example, there is information from the site of the newspaper "Today", in the list of sources it should be as follows:

Konovalova H. Incomes of Ukrainian families increased by 30 % [Electronic resource] / H. Konovalova // Today. – Access mode : <https://ukr.segodnya.ua/economics/enews/ukraincy-v-srednem-edyat-v-den-on-54-hryvnia-1118196.html>.

3. Tasks for working on the topics

Content module 1. Finance, money, and the world financial system

Topic 1. The essence of finance and its role in international relations

1.1. The essence of finance and its place in international relations.

1.2. The finance structure and the main financial categories.

1.3. The functions and the role of finance in international cooperation development.

Practical tasks on topic 1

Task 1.1

Determine the total sum of money within the banking system according to the concept of monetary multiplication. The central bank has issued additional 10 million UAH. The established mandatory reserve ratio is 12 %.

Guidelines to task 1.1

As you already know, one of the functions of finance is the formation and distribution of financial resources, including money, among economic entities. This feature is well illustrated by the monetary multiplier.

The monetary multiplier is the value of the multiplier (coefficient) which shows how much the amount of money in circulation increases due to the operations in the monetary market. It is determined by formula (1):

$$M = 1/r, \quad (1)$$

where M is the monetary multiplier;

r is the ratio of mandatory reserve.

In other words, the monetary multiplier demonstrates the theoretically possible degree of growth of the money supply due to credit and deposit banking operations. It represents the ratio by which the original money supply is to be multiplied.

This mechanism in simple terms looks like this. For example, if a bank that received deposits must have required reserves equal to 10 % of the amount of deposits, 90 % of the cash received can be spent on loans. If the borrowers

who received these loans use the money to pay off their debts or buy goods, the money will go into the hands of other people who will increase their bank deposits. Banks, in turn, keeping 10 % in the form of reserves spend the proceeds on new profitable assets.

Thus, although each bank lent only 90 % of the money received from customers, all banks eventually expanded their loans to 9 times the original deposit amount and added 10 % of the received deposit amount to their reserves.

Task 1.2

The National Bank of Ukraine injected 500.0 million UAH into the banking system. The current mandatory reserve ratio is 6.5 %. It is necessary to determine the increment of additional money in the banking system in the process of monetary multiplication and the amount of free funds for active operations that the 7th bank in the chain of the multiplier will have.

Task 1.3

Consumption of gold 22 carats fine for the manufacture of 50 coins was 300 grams at the beginning of the 20th century. In the 30s of the last century, 410 coins of the same face value were made of 1 kg of gold of the same standard. Determine the changes in the gold content of the coin during this time.

Task 1.4

Before the First World War, in France, 310 coins with a face value of 10 francs were cast out of 1 kilogram of gold 22 carats fine (90 % of pure gold). How did the gold content of the franc change, if it is known that in 1928 it was 58.9 mg of pure gold?

Task 1.5

The trade turnover of a country needs 15 billion gold-value monetary units. What will the relative gold content of a unit of paper money be, if its total amount in circulation is 15, 22.5 and 30 billion dollars? In which of these cases does inflation take place?

Guidelines to tasks 1.3 – 1.5

The gold content of money allows us to understand the essence of the inflation process. Inflation occurs when the gold content of one coin or currency decreases. By analogy, in the modern world, inflation occurs when

the value of a currency decreases. In order to see the gold content of one coin (monetary unit), it is necessary to divide the weight of gold by the number of coins in circulation.

Then you should compare the gold content of the currency in the past with the gold content of the currency today (as of a later date).

Tasks for individual work on topic 1

Task 1.6

Match the terms and definitions [4, p. 25] (Table 3).

Table 3

Definition of various concepts of financial science

Concept	Definition
1. Finance	a) a specialized field of scientific knowledge, scientific activity aimed at studying finance in theoretical and practical aspects, as well as forms of organization and functioning of their individual institutions
2. Financial science	b) the totality of cash generated as a result of the activities of various economic entities and individuals
3. Monetary fund	c) a separate part of cash, which has a purpose and relative independence of operation
4. Financial resources	d) economic relations between economic entities on the creation, formation and use of funds on the basis of distribution and redistribution of gross domestic product and national income

Task 1.7

Match the terms and definitions [4, p. 26] (Table 4).

Table 4

Definition of various functions of finance

Concept	Definition
1	2
1. Distributive function of finance	a) ensures the creation of primary and secondary (or derivative) incomes, which is important for the final establishment of proportions in the national income
2. Regulatory function of finance	b) consists in the formation of monetary funds and the receipt of cash necessary for the functioning of economic entities

Table 4 (the end)

1	2
3. Reproductive function of finance	c) is realized through the formation of a state incentive financial mechanism, an optimal combination of all areas of financial relations, which provides a maximum integration impact on the development of market economies and economic growth
4. Incentive function of finance	d) is carried out through control by hryvnia and control by financial institutions
5. Control function of finance	e) at the level of public finance manifests itself through the intervention and financial influence of the state (through taxes, tariffs, public credit, subsidies, transfers, etc.) on the socio-economic development of territories, sectors of the economy and individual economic entities, citizens in favour of society

Questions for self-assessment

1. Name four manifestations of finance.
2. Explain which entities take part in financial relationship.
3. Name at least five financial objects.
4. Define the concept of receivables.
5. Define the concept of accounts payable.
6. Explain what financial relationships arise within companies and between them.
7. Give an example of financial relations between states.
8. What is the difference between centralized and decentralized finances?
9. What are the parts of decentralized finances?
10. What is money?
11. What is the difference between money and currency?
12. What are financial resources?
13. Define the concepts: "asset", "income", "expenses", "securities", "budget".
14. Name the functions of finance and explain their content.

Questions for individual in-depth study

1. The evolution of financial science.
2. Financial support of the reproduction process.
3. The financial crisis of 2008: causes, course and consequences for the world economy.

Essay topics

1. The genesis and evolution of finance: the ancient world, pre-capitalist formations, the times of capitalism.
2. What is the problem with ensuring a balance between the financial sector and international relations?

Literature: [1; 2; 4; 9; 19; 23].

Topic 2. Money and financial system

- 2.1. The origin and essence of money.
- 2.2. Forms and functions of money.
- 2.3. The essence and structure of the financial system.

Practical tasks on topic 2

Task 2.1

Last year, the consumer price index was 1.01. This year, prices are rising every month by 8%. Determine the level and index of inflation for the year. Explain what this means.

Guidelines to task 2.1

1. **The inflation index**, or the consumer price index, is an indicator that characterizes changes in the general level of prices for goods and services purchased by the population for non-productive consumption.

In order to find the inflation index for a certain period (for example, a year) it is necessary to multiply all inflation indices for this period (for example, monthly).

2. **The inflation rate** shows the change in prices over a longer period of time, usually a year (the term "current year" is often used, i.e. the data on the indicator over the last 12 months).

The inflation rate is defined as the ratio of the price index of the current period to the price index of the previous period as a percentage minus the index base (1 or 100 %).

Task 2.2

The company "Alfa Lucky Goods" is planning to purchase raw materials for its own production. The raw material supplier warned that at the beginning of the year the price will change taking into account the annual inflation rate.

The volume of the first delivery next year at current (old) prices would cost 350,000 UAH. It is necessary to find how much the first supply of raw materials will cost at the beginning of the year, taking into account inflation. Table 5 shows monthly inflation indices in the current year.

Table 5

Consumer price indices for goods and services in the current year
(to the previous month), %

Month	January	February	March	April	May	June
Index	101.5	100.9	101.1	100.8	100.0	100.0
Month	July	August	September	October	November	December
Index	99.3	100.0	101.9	101.7	101.4	100.8

Guidelines to task 2.2

For the convenience of calculations, it is advisable to convert the inflation index from percentage to a unit share.

The annual inflation index is calculated as the multiplication of monthly indices (formula 2).

$$I_{\text{annual}} = I_{\text{Jan}} \times I_{\text{Feb}} \times I_{\text{Mar}} \times I_{\text{Apr}} \times I_{\text{May}} \times I_{\text{June}} \times I_{\text{July}} \times I_{\text{Aug}} \times I_{\text{Sept}} \times I_{\text{Oct}} \times I_{\text{Nov}} \times I_{\text{Dec}}, \quad (2)$$

where I_{annual} is the annual inflation index;

I_{Jan} is the inflation index for January;

I_{Feb} is the inflation index for February;

I_{Mar} is the inflation index for March;

I_{Apr} is the inflation index for April;

I_{May} is the inflation index for May;

I_{June} is the inflation index for June;

I_{July} is the inflation index for July;

I_{Aug} is the inflation index for August;

I_{Sept} is the inflation index for September;

I_{Oct} is the inflation index for October;

I_{Nov} is the inflation index for November;

I_{Dec} is the inflation index for December.

In order to calculate new price of raw materials taking into account the annual inflation index you need to multiply the price by the annual inflation index.

Tasks for individual work on topic 2

Task 2.3

The Ukrainian company "Sumykhimprom" intends to purchase new equipment. Analysis of the proposals of the necessary equipment on the market showed that in terms of the price-quality ratio, the most acceptable proposals are the following:

1) the price of the necessary equipment produced by the USA company "Sky Equipment" is 150,000 USD. The cost of installation and adjustment is already included in the contract price;

2) the price of the necessary equipment produced by the British company "Chemistry Equipment" is 115,000 GBP. The cost of installation and adjustment is 10,000 GBP;

3) the Norwegian company "Kemia Norge" sells the necessary equipment for 125,000 NOK. Installation and adjustment costs are 15,000 NOK.

The payment of the contract is planned in 3 months.

During this time, the US inflation index is 1.02, the United Kingdom inflation index is 1.04, and the Norwegian inflation index is 1.01.

Foreign exchange rates are:

1 USD (US dollar) = 25.29 UAH;

1 GBP (pound sterling) = 30.44 UAH;

1 NOK (Norwegian krone) = 27.61 UAH,

Determine the most advantageous proposal, taking into account the installation and configuration of equipment, as well as the available inflation indices.

Questions for self-assessment

1. Describe the evolutionary concept of the origin of money.
2. Describe the key sections of the rationalist concept of the origin of money.
3. Explain the meaning of the money cycle.
4. Name the main forms of value. Explain the difference between them.
5. Name the main properties of modern money.
6. Describe the functions of money.

7. What is the difference between the commodity and non-commodity money?
8. Define the concept of financial system from different points of view.
9. Explain the external manifestation of the financial system.
10. Name the characteristics of the financial system.
11. Describe the structure of the financial system of Ukraine.

Questions for individual in-depth study

1. The structure and functions of the Ministry of Finance of Ukraine.
2. Activities of the Financial Monitoring State Service.
3. The concept of money laundering.
4. The choice of the price currency and payment currency under inflation.
5. The impact of consistency of the terms of delivery of goods on the efficiency of calculations.

Essay topics

1. The concept of the financial mechanism: the structure and levers.
2. Financial policy: the essence, the types, the tools.
3. Interventions in foreign exchange markets as an instrument of the exchange rate and monetary policy.
4. The derivative financial instruments: why they appeared, how they are used, risks to the financial system.
5. Financial intermediaries: the types, the functions, the role in financial markets.
6. Local financial crises and their consequences for the world finance.
7. Problems of combating money laundering in the world practice.
8. Globalization of the world financial environment: the historical retrospective and the current state.

Literature: [1; 3; 15; 18; 23].

Topic 3. International finance: concepts and purposes

- 3.1. The essence and role of international finance.
- 3.2. International financial flows.
- 3.3. The world financial market.

Practical tasks on topic 3

Task 3.1

Determine the real exchange rate of the hryvnia against the US dollar using information from Table 6.

Table 6

Information on the nominal exchange rate of the hryvnia and consumer price indices

Year	US dollar exchange rate in hryvnias	Consumer price index of the USA, %	Consumer price index of Ukraine, %
2001	5.37	177.1	106.1
2002	5.33	179.9	99.4
2003	5.33	184.0	108.2
2004	5.32	188.9	112.3
2005	5.12	195.3	110.3
2006	5.05	201.6	111.6
2007	5.05	207.3	116.6
2008	5.26	215.3	122.3
2009	7.79	214.5	112.3
2010	7.94	218.1	109.1
2011	7.97	224.9	104.6
2012	7.99	229.6	99.8
2014	11.88	236.7	101.9
2015	21.84	237.0	102.8
2016			
2017			
2018			
2019			
2020			
2021			

Guidelines to task 3.1

Use the official websites of the National Bank of Ukraine and the United States Treasury; find the necessary data to supplement the data in Table 6 about the current values of the exchange rates and indices and calculate the real exchange rate of hryvnia over each year.

The official exchange rate of the hryvnia against other currencies is nominal and it is mainly intended for the calculation of customs duties. Based

on the official exchange rate, banks that carry out the bulk of foreign exchange transactions set their exchange rates: the buying rate and the selling rate.

The dynamics of the nominal exchange rate depends on changes in the general price level in the country, the balance of payments, monetary policy of the government and other factors. Therefore, just as commodity prices and macroeconomic indicators translate from current prices to base prices, so the exchange rate can be translated into real terms.

The real exchange rate is the nominal exchange rate calculated taking into account changes in the price level in Ukraine and the country to whose currency the national currency is quoted. To determine the real exchange rate formula (3) is used:

$$ER_r = ER_n \times \frac{I_{pf}}{I_{pd}}, \quad (3)$$

where ER_r is the real foreign exchange rate against the hryvnia;

ER_n is the nominal foreign exchange rate against the hryvnia;

I_{pf} is the consumer price index in a foreign country;

I_{pd} is the consumer price index in Ukraine.

Task 3.2

Determine which currency devalued and which revalued using the following data.

Situation 1. On July 1, 2008, the rate of 1 USD was 5.05 UAH; on August 1, 2008, the rate of 1 USD was 4.35 UAH.

Situation 2. On September 1, 2008, the rate of USD 1 was 5.87 UAH; on November 1, 2009, the rate of USD 1 was 7.93 UAH.

Situation 3. On August 1, 2009, the rate of 1 USD was 8.35 UAH, on September 1, 2009, the rate of 1 USD was 7.95 UAH.

Explain the benefits of devaluation of the national currency. Give examples of such advantages. Describe the conditions under which the revaluation of the hryvnia may occur in Ukraine.

Guidelines to task 3.2

Devaluation is the deliberate downward adjustment of the value of a country's money relative to another currency, group of currencies, or currency standard. Devaluation is seen as a tool of central banks to manage the national currency,

as opposed to revaluation. The reasons for the devaluation of the national currency may be inflation or balance of payments deficits.

Revaluation is an increase of the national currency value relative to another currency, group of currencies, or currency standard.

Formula (4) determines revaluation or devaluation percentage:

$$\%D(R) = \frac{ER_2 - ER_1}{ER_1} \times 100\%, \quad (4)$$

where $\%D(R)$ is the percentage of devaluation (revaluation);

ER_1 is the exchange rate on the previous date;

ER_2 is the exchange rate on the current date.

If the specified value of interest is below zero, there was a currency devaluation, and if it is above zero, there was a currency revaluation.

Task 3.3

Using the data of the Internet, make a list of 10 most popular (most used) cryptocurrencies. Describe their common and distinctive features; find information about the issuer of each currency. Explain the main differences between cryptocurrency and other currency values. Find the dynamics of Bitcoin, Ethereum, Ripple rates on the Internet for the same period. Compare them and offer your own scheme of buying and selling these currencies if you have 10,000 UAH for this.

Guidelines to task 3.3

When performing speculative transactions with currency values, it is important to remember that the main rule is to buy currency at the lowest price and sell it at the highest price. In a retrospective solution of this problem, the points of the minimum and maximum currency prices will be obvious. However, in real life for the successful implementation of such operations it is necessary to use a rich arsenal of different forecasting methods, which are taught at advanced levels of studies.

Task 3.4

Using the Law of Ukraine "On Currency and Currency Transactions", make a complete list of what is foreign currency. Describe which payments on the territory of Ukraine can be made in foreign currency. Find interesting facts on the Internet about the peculiarities of the use of foreign currency in different countries.

Guidelines to task 3.4

Ukrainian legislation often undergoes various changes and additions, so to use the latest version of the law, you must use the official website of the Verkhovna Rada of Ukraine (<https://zakon.rada.gov.ua>). The search engine of this site is quite convenient and, most important, when opening the required legal act, it is always indicated whether this document is valid, what its current version is (when the last changes occurred), possible recent events, for example, there may be an announcement that the latest changes will take effect on a certain date in the future.

Tasks for individual work on topic 3

Questions for self-assessment

1. Explain the essence of international finance.
2. Explain the role of international finance in international relations.
3. What is an international financial flow?
4. Describe international relations in terms of the distribution of international financial flows.
5. Explain the concept of the global financial market.
6. Name the main participants in the global financial market.
7. Name the documents required to open an economic entity's account.
8. The procedure for opening, servicing and closing foreign currency accounts.

Questions for individual in-depth study

1. The necessary preconditions and forms of cooperation of the EU member in the field of monetary policy.
2. The evolution of the world monetary system.
3. The elements of the currency system.
4. International banking business.
5. The functions of a country's foreign exchange reserves.

Essay topics

1. The problems of formation of the foreign exchange reserve of Ukraine.
2. The impact of government regulation on the state of the foreign exchange market in Ukraine.
3. The functions of authorized banks as agents of currency control.
4. The evolution of currency liberalization based on the example of Ukraine.

5. Why are none of the available currencies pegged to gold?
6. Why does the NBU impose significant currency restrictions?
7. The current state of the foreign exchange market of Ukraine.

Literature: [1; 3; 4; 6; 9; 18; 23].

Topic 4. The world financial system

4.1. The structure and participants of the world financial system.

4.2. Functioning of the world financial system in the conditions of globalization.

4.2. The world's major financial centers.

4.3. Offshore zones in the system of world financial centers.

Practical tasks on topic 4

Task 4.1

To upgrade production facilities in 2019, the Ukrainian company signed a contract for purchasing German equipment:

two machine tools W638. The cost of 1 machine tool according to the contract is 30,000 euros;

two sets of equipment. The cost of 1 set of equipment is 70,000 euros.

The contract set up two stages of payments:

the first stage is an advance payment of 100,000 euros by simple bank transfer;

the second stage is payment of 100,000 euros after installation of the equipment.

The company made the first payment on March 1 of the current year.

The euro exchange rate at that time was 31.82 UAH. for 1 euro. The company made the second payment on September 1 of the current year at the rate of 28.09 UAH. for 1 euro. At the time of the second payment under the contract, the company's foreign currency account had no funds in euros. Determine the profit (loss) of the Ukrainian importer from the operational currency risk.

What fixed-term agreement would you advise that Ukrainian importers use in such situations?

Tasks for individual work on topic 4

Questions for self-assessment

1. Describe the essence of the global financial system.
2. List the main international actors in the global financial system.
3. Explain how globalization processes affect the functioning of the global financial system.
4. What is the difference between the functions of the world financial system and the functions of the state-level financial system?
5. What are the criteria for determining the world's financial centers?
6. Name the world's largest financial centers.
7. What is an offshore zone?
8. What are the types of offshore zones?
9. The role of offshore zones in international relations.

Questions for individual in-depth study

1. International rankings of the world financial centers.
2. Ukraine's place in international rankings and its impact on the practice of export operations.
3. The cost of insurance of risks of international transactions. Is there such a practice among domestic insurance companies?

Essay topics

1. What are the ways to make the hryvnia a freely convertible currency?
2. The up-to-date practice of international risk insurance.
3. Why is it important that the hryvnia is the only legal currency for internal payments in Ukraine?

Individual task 2

You are working on a probationary period in the Ukrainian branch of an international company as a financial manager. Your first task is to justify your choice of bank to service your company's accounts. Compile a comparative table to perform this task. Comparative table (Table 7) should contain information about the defined criteria for three Ukrainian banks. You can find the necessary information on the Internet and get it via other communication channels.

The data for comparing the banks

Comparison criterion	Bank 1*	Bank 2*	Bank 3*
How many years has the bank been operating in the market?			
Bank's assets, million UAH			
Bank's capital, million UAH			
Bank's loan portfolio, million UAH			
The total number of correspondent banks			
The number of correspondent banks for US dollar transactions			
The number of correspondent banks for euro transactions			
Does the bank make payments using export letters of credit?			
Does the bank make payments using import letters of credit?			
Does the bank carry out operations with bank guarantees?			
Does the bank make payments using collection?			
Does the bank carry out operations with bills?			
Does the bank provide credit on the terms of the credit line?			
Does the bank provide overdraft lending?			
The cost of opening 3 current accounts in the bank			
The cost of monthly maintenance of bank accounts			
The cost of 100 payments in national currency			

* The executed task must contain the name of the analyzed bank.

Guidelines to individual task 2

1. Fill in the comparative table (Table 7) to make a decision on the choice of a bank. The students should not analyze the same banks.
2. To perform the task you need to use information from the official websites of banking institutions.
3. If you cannot find certain information needed to compare the banks on the website, it is advisable to use the phone and find out all you need from a consultant.

4. Please, note that the bank's tariffs for servicing current accounts may be different. It depends on the selected package of services. For example, the bank may have tariff packages "Standard", "Classic", "Premium", "Unlimited" (or tariff packages with other names). To perform the task, select one of the tariff packages and specify its name.

Literature: [1; 3; 4; 6; 9; 10; 12; 16; 18; 23].

Content module 2. The world monetary system and international financial institutions

Topic 5. The world monetary system and the principles of its operation

5.1. The evolution of the world monetary system.

5.2. The essence of currency, currency values and currency transactions.

5.3. The exchange rate, currency transactions and their types.

Practical tasks on topic 5

Task 5.1

Find the type of the currency quote and find the cross exchange rate if the following information is available:

1 Australian dollar = 6.14 Norwegian kroner.

1 Australian dollar = 16.31 hryvnias.

Find the exchange rate of the Norwegian krone in the hryvnia.

1 Canadian dollar = 0.75 US dollars.

1 pound = 1.23 US dollars.

Find the pound sterling in the Canadian dollars.

1 Japanese yen = 0.013 Singapore dollars.

1 Singapore dollar = 17.54 hryvnias.

Find the Japanese yen in the hryvnia.

1 Czech koruna = 0.039 euros.

1 euro = 6.21 Turkish lira.

Find the Czech koruna in the Turkish lira.

1 Argentine peso = 0.017 US dollars.
1 Argentine peso = 0.12 Bolivian Boliviano.
Find the US dollar in the Bolivian Boliviano.

1 Brazilian real = 0.22 euros.
1 euro = 117.91 Japanese yen.
Find the Brazilian real in the Japanese yen.

1 UAE Dirham = 0.22 pounds sterling.
1 pound sterling = 1.23 US dollars.
Find the US dollar in the UAE dirhams.

Guidelines to task 5.1

The cross-rate is the ratio between two currencies, which is determined based on the exchange rate of these currencies in relation to the third currency. The calculation of the cross rate differs for currencies with direct and indirect quotations.

Direct quotation is a quotation in the foreign exchange markets whereby the value of a foreign currency is set in the national currency. For example, Ukraine uses direct quotation.

Indirect quotation is a quotation in the foreign exchange markets whereby the value of the national currency is determined in the units of a foreign currency. For example, the United Kingdom uses indirect quotation.

1. The rule for direct quotation:

$$\begin{aligned} \text{Cross rate of currency 1 against currency 2} &= \\ &= \frac{\text{Rate of currency 3 against currency 2}}{\text{Rate of currency 3 against currency 1}} \end{aligned} \quad (5)$$

For example, 1 USD = 30.6119 RUB; 1 USD = 7.8751 UAH.

Thus the cross rate RUB/UAH = 7.8751/30.6119 = 0.2573. It means that 1 Russian ruble costs 0.2573 Ukrainian hryvnia.

2. The rule for indirect quotation:

$$\begin{aligned} \text{Cross rate of currency 1 against currency 2} &= \\ &= \frac{\text{Rate of currency 1 against currency 3}}{\text{Rate of currency 2 against currency 3}} \end{aligned} \quad (6)$$

For example, you need to find the cross rate of the US dollar (USD) against the Japanese yen (JPY), provided you know the dollar exchange rate against the Russian ruble (USD/RUB), 1 USD = 30.6119 RUB, the Japanese yen exchange rate against the Russian ruble (JPY/RUB), 100 JPY = 36.3609 RUB.

Cross rate USD/JPY = $\frac{\text{USD/RUB}}{\text{JPY/RUB}} = (30.6119/36.3609) \times 100 = 0.8418 \times 100 = 84.18$. It means that 1 US dollar costs 84.18 Japanese yens.

3. The rules for mixed quotation when one currency has a direct quote and the other an indirect one.

3.1. The cross exchange rate with indirect quotations is calculated as the multiplication of available exchange rates according to formula (7):

$$\begin{aligned} \text{Cross rate of currency 1 against currency 2} &= \\ &= \text{Rate of currency 3 against currency 2} \times \\ &\times \text{Rate of currency 1 against currency 3.} \end{aligned} \quad (7)$$

For example, 1 USD = 7.8751 UAH is direct quotation.
1 GBP = 1.5807 USD is indirect quotation.
Cross rate GBP/UAH = 12.4482.

3.2. The cross exchange rate with direct quotation in pair with mixed quotation does not have a calculation formula, so the initial conditions must be reduced to either two direct quotations and the use of rule 1, or to two indirect quotations and the use of rule 2.

Task 5.2

Calculate the buying and selling cross rates of the currencies:

- 1) EUR/CAD if USD/CAD = 1.0855 – 1.0963;
EUR/USD = 1.1095 – 1.1185;
- 2) AUD/UAH if USD/UAH = 24.3528 – 25.5508;
USD/AUD = 1.9635 – 1.9955;
- 3) GBP/UAH if USD/UAH = 24.3528 – 25.5508;
GBP/USD = 1.2305 – 1.2535;

- 4) GBP/BRL if $\text{GBP/USD} = 1.2305 - 1.2535$;
 $\text{USD/BRL} = 3.4951 - 3.5005$;
- 5) AED/CNY if $\text{USD/AED} = 3.8121 - 3.9544$;
 $\text{USD/CNY} = 7.0655 - 7.0765$;
- 6) ARS/ EGP if $\text{USD/ARS} = 59.3912 - 60.2514$;
 $\text{USD/EGP} = 16.0761 - 16.9537$;
- 7) GEL/EEK if $\text{USD/EEK} = 37.1645 - 38.0756$;
 $\text{USD/GEL} = 3.0897 - 3.5693$.

Tasks for individual work on topic 5

Questions for self-assessment

1. Name the stages of evolution of the world monetary system.
2. Explain how international policy has affected the development of the world monetary system.
3. What are the reasons for refusing to link the US dollar to gold reserves of the USA?
4. What is a currency?
5. Name the components of currency values.
6. Describe current foreign exchange transactions.
7. Describe forward foreign exchange transactions.
8. The international interbank communication system SWIFT.
9. Electronic currency transfer systems.

Questions for individual in-depth study

1. Name the main components of the national payment system. Define the essence of the global payment system.
2. The peculiar features of opening, using and closing foreign currency accounts in different countries.
3. The essence of Internet banking.
4. Development and prospects of electronic data exchange systems.
5. The concept of cryptocurrency. Explain the risks of using this currency in international relations.

Essay topics

1. The offshore financial sector: development trends and the impact of the international community.
2. Currency wars: historical examples and possible threats to the future.
3. Examples of outbreak and resolution of international conflicts over the redistribution of finances.

Literature: [1– 3; 5; 6; 9 – 10; 12; 16; 18; 23].

Topic 6. International transactions as a form of international relations

- 6.1. The essence and relationship of the concepts of international transactions and currency transactions.
- 6.2. Currency and finance conditions of international transactions.
- 6.3. Risks of international transactions.

Practical tasks on topic 6

Task 6.1

Identify the trend and factors of change in the hryvnia exchange rate against foreign currencies, using the data from the cash foreign exchange market (Table 8) and the data on the official hryvnia exchange rate (find it by yourself on the official website of the National Bank of Ukraine [12]) .

When performing the task answer the following questions:

1. Which of the foreign currencies – the US dollar, the euro or the Russian ruble – experienced the largest fluctuations during the analyzed period?
2. Are there any restrictions on the purchase or sale of cash foreign currency in Ukraine?
3. Is there a restriction on the maximum gap (maximum difference) between the selling rate and the buying rate of cash foreign currency in Ukraine?

Task 6.2

Build graphs for buying and selling foreign currency for 10,000 US dollars in order to get income from changes in exchange rates in Ukraine, using the data in table 8.

The hryvnia exchange rate on the market of cash currency transactions

Date	The hryvnia exchange rate on the market of cash currency transactions					
	USD		EUR		RUB	
Dec. 16, 2019	23.35	23.47	25.95	26.15	367	370
Dec. 21, 2019	22.00	24.41	25.00	26.11	355	411
Dec. 24, 2019	22.80	23.30	25.30	25.80	362	369
Dec. 26, 2019	23.20	24.20	25.45	26.20	365	380
Dec. 27, 2019	23.60	24.40	26.00	27.00	370	390
Dec. 28, 2019	23.80	24.40	26.30	27.00	375	390
Jan. 11, 2020	23.70	24.25	26.33	26.99	377	407
Jan. 12, 2020	23.80	24.10	26.30	26.70	380	387
Jan. 13, 2020	23.80	24.20	26.30	26.70	380	390
Jan. 20, 2020	24.15	24.35	26.70	27.00	385	393

Guidelines to tasks 6.1 and 6.2

The graphs for buying and selling foreign currency can consist of at least two dates: date 1 is when you sell the amount of foreign currency; date 2 is the date of buying a similar amount of foreign currency. The general rule is to sell foreign currency at a higher rate than you buy.

Tasks for individual work on topic 6

Questions for self-assessment

1. Describe the peculiar features of international transactions.
2. Describe the monetary and financial conditions of international transactions.
3. What is the price currency?
4. What is the payment currency?
5. Name the main forms of international transactions.
6. Name the methods of payment on international transactions.
7. Describe the international transaction risks.
8. Describe the methods of reducing the currency risk.

Questions for individual in-depth study

1. Ukraine's place in international rankings and their impact on international relations.
2. The cost and examples of international risk insurance. Do domestic insurance companies use this kind of practice?

Essay topics

1. The procedure for control over documents accepted for collection and funds in documentary forms of payments.
2. Areas for improvement of documentary forms of payments in international transactions.

Literature: [1; 3; 8; 10; 11; 16; 18; 23].

Topic 7. Activities of international financial institutions

- 7.1. The International Monetary Fund.
- 7.2. The World Bank and its role in international relations.
- 7.3. The International Bank for Reconstruction and Development.

Practical tasks on topic 7

Task 7.1

Work in small groups: Make a list of comparative characteristics of international financial institutions.

Task 7.2

According to the list of comparative characteristics formed as a result of doing the previous task, make a comparative description of two international financial institutions. Indicate the presence or absence of areas of intersection of their financial interests.

Guidelines to tasks 7.1 and 7.2

To perform the tasks you need to know in detail the activities and structure of international financial institutions. Information on these issues is contained in the lecture materials which can be found on the website of Personal Education Systems. You can also use other Internet resources to expand your information.

Tasks for individual work on topic 7

Task 7.3

After studying the organizational structure of the International Monetary Fund, draw up its scheme taking into account the subordination of one department to another.

Task 7.4

Make a list of countries whose lending is provided by the International Monetary Fund. Based on the analysis of information from open sources generalize the conditions of providing loans to different countries by the International Monetary Fund.

Task 7.5

Using the information from open sources select a successful project implemented at the cost (or with the participation) of the International Bank for Reconstruction and Development. Create a presentation of this project.

Questions for self-assessment

1. The reasons for the International Monetary Fund foundation.
2. Describe the management system of the International Monetary Fund.
3. Justify the key functions of the International Monetary Fund.
4. Describe the conditions for participation in the activities of the International Monetary Fund.
5. Are the World Bank and the World Bank Group different?
6. Name the organizations that make the World Bank.
7. Name the organizations that are part of the World Bank Group.
8. Describe the activities of the International Development Association.
9. What are the functions of the International Finance Corporation?
10. What are the purposes of establishment of the Multilateral Investment Guarantee Agency?
11. The principles of the International Center for Settlement of Investment Disputes.
12. Describe the peculiar features of the World Bank membership.
13. Define the mission and objectives of the International Bank for Reconstruction and Development.
14. The membership in which an international organization is required to become a member of the International Bank for Reconstruction and Development.
15. On what terms and mainly for what purposes does the International Bank for Reconstruction and Development provide loans?
16. How does the International Bank for Reconstruction and Development accumulate its resources?

Questions for individual in-depth study

1. Classification of international financial organizations.
2. The management system of the International Development Association.
3. The management system of the International Finance Corporation.
4. Activities of the International Bank for Reconstruction and Development on the global financial market.
5. What forms of financing their own activities are used by international financial organizations?
6. The mechanism for providing guarantees and bank guarantees.
7. The objectives and scope of guarantees of international financial organizations.
8. The main points of the credit policy of the International Bank for Reconstruction and Development.

Essay topics

1. The practice of settling international financial disputes.
2. The practice of settling international investment disputes.
3. The importance of receiving IMF international loans for Ukraine.
4. Risks of international guarantee of fulfillment of obligations of one country to another.

Individual task 3

Determining the percentage of devaluation or revaluation of a foreign currency

1. Choose one of the foreign currencies of the world. Each student should choose a different currency.
2. On the official website of the central bank of the country for which the chosen currency is national, find the monthly official exchange rate of this currency against the US dollar over the last 10 – 20 years. Present the found data in the form of a table as shown in Table 9.

Be sure to write the source of the information with a link to the site.

Guidelines to individual task 3

1. Devaluation is the deliberate downward adjustment of a country's currency value. Devaluation is the opposite of revaluation.

Calculate the annual percentage of the exchange rate change. To do this, use the formulas for calculating the percentage of devaluation (or revaluation) of the currency.

2. Present the results of the calculations in a table as shown in Table 9.

Table 9

The monthly official exchange rate of the Norwegian krone over the years 2000 – 2018

Year	Month												Percentage of the exchange rate change over the year	Process
	1	2	3	4	5	6	7	8	9	10	11	12		
2000	8.0129	8.2361	8.4111	8.6081	9.0471	8.6788	8.7024	8.9556	9.2056	9.3613	9.3369	9.0662	13.15	Devaluation
2001	8.7784	8.9117	8.9742	9.0942	9.1438	9.2987	9.2636	8.9469	8.7805	8.8286	8.9192	8.9552	2.01	Devaluation
2002	8.9684	8.9484	8.8118	8.6053	8.192	7.7533	7.4641	7.5977	7.5065	7.4822	7.3094	7.168	-20.07	Revaluation
2003	6.9038	7.0027	7.2611	7.2235	6.803	7.0015	7.2902	7.4145	7.307	7.0374	7.0068	6.7085	-2.83	Revaluation
2004	6.8132	6.9393	6.9655	6.9242	6.8343	6.8267	6.9101	6.8435	6.8431	6.5951	6.2678	6.1321	-10.00	Revaluation
2005	6.2604	6.3942	6.1972	6.3199	6.3671	6.4888	6.58	6.4404	6.3723	6.5212	6.6438	6.7257	7.43	Devaluation
2006	6.6405	6.751	6.6372	6.3847	6.1082	6.2216	6.2592	6.2383	6.488	6.658	6.4013	6.1741	-7.02	Revaluation
2007	6.3688	6.1863	6.1429	6.004	6.0235	6.0061	5.7879	5.8537	5.6366	5.4097	5.4154	5.4966	-13.69	Revaluation
2008	5.4065	5.3902	5.1265	5.0562	5.0546	5.1387	5.1041	5.3256	5.6775	6.4627	6.9198	7.0058	29.58	Devaluation
2009	6.962	6.8712	6.7813	6.6659	6.4449	6.3867	6.3534	6.07	5.9044	5.6428	5.642	5.7531	-17.36	Revaluation
2010	5.7336	5.9168	5.9248	5.9154	6.2784	6.4768	6.2822	6.1542	6.0606	5.8365	5.9663	5.9785	4.27	Devaluation
2011	5.8547	5.7304	5.593	5.4116	5.4579	5.4446	5.457	5.4301	5.6123	5.6552	5.7454	5.8783	0.40	Devaluation
2012	5.9483	5.7117	5.7054	5.7481	5.9104	6.0199	6.0695	5.9069	5.7524	5.7096	5.72	5.6043	-5.78	Revaluation
2013	5.5558	5.5576	5.769	5.7919	5.8238	5.869	6.0282	5.9646	5.9734	5.9562	6.0814	6.1332	10.39	Devaluation
2014	6.1666	6.1185	5.9981	5.973	5.935	6.0482	6.1955	6.1971	6.3409	6.5603	6.8081	7.2718	17.92	Devaluation
2015	7.6869	7.5941	7.9788	7.8886	7.5484	7.8082	8.1269	8.2428	8.295	8.27	8.6233	8.7008	13.19	Devaluation
2016	8.8309	8.6212	8.4937	8.2214	8.2376	8.308	8.4648	8.2981	8.203	8.1642	8.4116	8.562	-3.04	Revaluation
2017	8.4791	8.3256	8.5093	8.5804	8.5152	8.4605	8.1669	7.8943	7.829	7.9944	8.1853	8.3147	-1.94	Revaluation
2018	7.9092	7.8327	7.7655	7.837	8.1004	8.1134	8.1276	8.327	8.2523	8.2549	8.4698	8.6045	8.79	Devaluation

3. In the obtained data, find the years when the currency devalued and revalued the most. Using open sources of information on the Internet find and describe the reasons for the sharp revaluation and devaluation of the exchange rate in the country. For example, the government issuing the currency decides to devalue it. Devaluing a currency reduces the cost of a country's exports and can help reduce trade deficits. Be sure to refer to primary sources of information.

4. The analyzed currencies should be different in the group.

5. Upload the results of the individual task to the Personal Educational System.

Literature: [1; 2; 8; 12; 16; 20; 22;24].

Topic 8. Balance of payments in the world countries

8.1. The essence, principles of compilation, the structure of the country's balance of payments.

8.2. Balancing the balance of payments' items and the concept of its economic equilibrium.

8.3. The international investment position of a country.

Practical tasks on topic 8

Task 8.1

Using the data on the official website of the Ministry of Finance of Ukraine or the National Bank of Ukraine, analyze the Balance of Payments of Ukraine over the past 3 years.

Guidelines to task 8.1

Useful links [13; 17]:

The balance of payments is a statistical report for a certain period of time, summary data on foreign economic transactions of a country with other countries. The structure of Ukraine's balance of payments has the following composition:

A. The current account:

1.1. Balance of goods and services.

1.2. Balance of primary income.

1.3. Balance of secondary income.

B. The capital account.

C. The financial account:

3.1. Direct investments (balance).

3.2. Portfolio investments (balance).

3.3. Other investments (balance).

3.4. Reserve assets.

D. Errors and omissions.

E. The consolidated balance ($E = A + B - C + D$).

Use the example (Table 10) to make the analysis of the balance of payments.

Table 10

**The initial data for the analysis of the balance of payments
of Ukraine during 2018 – 2020 (million USD)**

Balance of payments items	2018	2019	2020
1	2	3	4
A. Current account	-6 467	-4 208	
Balance of goods and services	-11 378	-12 556	
Balance of goods	-12 714	-14 332	
Exports of goods	43 341	46 113	
Imports of goods	56 055	60 445	
Balance of services	1 336	1 776	
Exports of services	15 836	17 340	
Imports of services	14 500	15 564	
Balance of primary income	1 259	1 885	
Income	11 818	13 250	
Expenditure	10 559	11 365	
Remuneration (balance)	11 478	12 754	
Income	11 494	12 774	
Expenditure	16	20	
Investment income (balance)	-10 219	-10 869	
Income	324	476	
Expenditure	10 543	11 345	
Reinvestment income including	2 597	3 250	
Balance of secondary income	3 652	6 463	
Income	4 947	7 881	
Expenditure	1 295	1 418	
B. Capital account	37	38	
Net lending (+) or net borrowing (-) (= A + B)	-6 430	-4 170	
C. Financial account	-4 724	-2 892	
Direct investments (balance = assets - liabilities)	-4 460	-5 212	
Direct investments: assets	116	621	

Table 10 (the end)

1	2	3	4
Direct investments: liabilities	4 576	5 833	
Reinvestment income including	2 597	3 250	
Portfolio investments (balance)	-2 080	-5 134	
Portfolio investments: assets	33	411	
Portfolio investments: liabilities	2 113	5 545	
Equity	-9	49	
Debt securities	2 122	5 496	
Central bank	0	0	
Public administration sector	2 017	4 194	
Banks	92	-795	
Other sectors	13	2 097	
Other investments (balance = assets - liabilities)	-345	3 068	
Other investments: assets	1 996	5 915	
Currency and deposits	2 087	6 574	
Including cash outside banks	2 421	2 602	
Credits and loans	-7	11	
Trade credits and prepayments	-108	-670	
Other receivables/payables	0	0	
Other instruments	24	0	
Other investments: liabilities	2 341	2 847	
Currency and deposits	-539	-247	
Credits and loans	1 776	672	
Public administration sector	-452	33	
Credits of IMF	-1 374	-1 004	
Other short-term credits	0	0	
Other long-term credits	922	1 037	
Central bank	658	-590	
Credits of IMF	658	-590	
Other short-term credits	0	0	
Other long-term credits	0	0	
Banks	85	-76	
Short-term credits	-100	68	
Long-term credits	185	-144	
Other sectors	1 485	1 305	
Short-term credits	358	868	
Long-term credits	1 127	437	
Trade credits and prepayments	1 104	2 422	
Other receivables/payables	0	0	
SDR distribution	0	0	
Reserve assets	2 161	4 386	
D. Errors and omissions	1 706	1 278	
E. Consolidated balance (= A + B - C + D)	0	0	

The data presented in Table 10 are incomplete. Complete them using official statistics. Use formulas of absolute and relative deviations of indicators for the analysis. Absolute deviation is the arithmetic difference between the value in the current year and the value in the previous year. The relative deviation is calculated by formula (8):

$$\text{Relative deviation} = \frac{(\text{Balance item}_{2020} - \text{Balance item}_{2019})}{\text{Balance item}_{2019}}. \quad (8)$$

After the calculations, draw a conclusion about the trends of change in the balance of payments items.

Task 8.2

Analyze the structure of the Ukrainian exports as to the major groups of goods and services using official statistics. Major groups of goods and services include:

1. Base metals.
2. Products of plant origin.
3. Machines, equipment and mechanisms; electrical equipment.
4. Fats and oils of animal or vegetable origin.
5. Mineral products.
6. Ready-made food.
7. Transport services.
8. Services for processing of material resources.
9. Telecommunication and information services.
10. Business services.
11. Travel services.
12. Repair and maintenance services not included in other categories.

Guidelines to task 8.2

Use the share formula (9) to analyze the structure of exports:

$$\text{Share} = \text{Exports item} / \text{Total exports} \times 100 \%. \quad (9)$$

Present the results of the task in a table (Table 11).

The results of the analysis of the export structure of Ukraine

Export item	Exports, million USA dollars		The share in total exports, %	The share in exports of goods, %	The share in exports of services, %
	2019	2018			
Base metals		11,633	19.67	26.84	
Products of plant origin		9,886	16.72	22.81	
Machines, equipment and mechanisms; electrical equipment		4,657	7.88	10.75	
Fats and oils of animal or vegetable origin		4,497	7.60	10.38	
Mineral products		4,340	7.34	10.01	
Ready-made food		3,019	5.11	6.97	
Transport services		5,824	9.85		36.87
Services for processing of material resources		2,084	3.52		13.19
Telecommunication and information services		2,044	3.46		12.94
Business services		1,012	1.71		6.41
Travel services		287	0.49		1.82
Repair and maintenance services not included in other categories		241	0.41		1.53
Total exports of services		15,794	26.71		100.00
Total exports of goods		43,341	73.29	100.00	
Total exports		59,135	100.00		

Tasks for individual work on topic 8

Questions for self-assessment

1. What is the country's balance of payments?
2. Do all countries of the world make up the balance of payments?
3. Describe the capital account of the country's balance of payments.
4. Describe the current account of the balance of payments.
5. What are the components of the financial account?

6. How is the consolidated balance of payments of a country determined?
7. Is it possible to compare the balance of payments of different countries?

Questions for individual in-depth study

1. The structure of imports of Ukraine.
2. Rare sources of income for Ukraine.
3. Necessary preconditions and forms of cooperation of the EEC (European Economic Community) member states in the field of trade in goods and services.
4. Financial crises and the way they affect citizens of different countries.

Essay topics

1. The main directions of overcoming the balance of payments deficit of Ukraine.
2. Ways to increase the attractiveness of Ukraine for foreign investors.
3. Rating of the most attractive industries for foreign investors.
4. Rating of the world's largest debtors on the balance of payments.

Literature: [1; 2; 4 – 8; 12; 16; 23].

4. Recommended literature

4.1. Basic

1. Міжнародні фінанси [текст] : навч. посіб. / за ред. Ю. Г. Козака. – 5-те вид., перероб. та допов. – Київ – Катівце : Центр учбової літератури, 2014. – 348 с.
2. Фінанси : навч. посіб. / І. В. Журавльова, О. В. Гаврильченко, О. П. Полтніна та ін. ; за заг. ред. д-ра екон. наук, професора І. В. Журавльової. – Харків : ХНЕУ ім. С. Кузнеця, 2017. – 330 с.
3. Шталь Т. В. Международные финансы : курс лекций / Т. В. Шталь, О. О. Тищенко. – Харьков : ХГУПТ, 2013. – 158 с.
4. Anders G. The Handbook of International Trade and Finance: The Complete Guide to Risk Management, International Payments and Currency Management, Bonds and Guarantees, Credit Insurance and Trade Finance / G. Anders. – London and Philadelphia : Kogan Page Ltd, 2008. – 208 p.
5. Hallwood C. P. International Money and Finance / C. Paul Hallwood, Ronald MacDonald. – 3rd ed. – Hoboken, NJ : Wiley-Blackwell, 2000. – 566 p.

4.2. Additional

6. Лебідь О. В. Міжнародні розрахунки і валютні операції : навч. посіб. / О. В. Лебідь. – Харків : Вид. ХНЕУ ім. С. Кузнеця, 2016. – 204 с.
7. Madura J. International Financial Management / Jeff Madura. – 10th ed. – S. I. : Cengage Learning, 2010. – 560 p.
8. Szulczyk Kenneth R. Money, Banking, and International Finance / Kenneth R. Szulczyk. – 2nd ed. [S. I.] : Create Space Independent Publishing Platform, 2014 – 291 p.

4.3. Information resources

9. Лебідь О. В. Міжнародні фінанси : конспект лекцій / О. В. Лебідь [Електронний ресурс]. – Режим доступу : <https://pns.hneu.edu.ua/course/view.php?id=5362>.
10. Офіційний сайт Асоціації українських банків. – Режим доступу : <http://aub.org.ua>.
11. Офіційний сайт Державного комітету статистики. – Режим доступу : <http://www.ukrstat.gov.ua>.

12. Офіційний сайт Національного банку України. – Режим доступу : <http://www.bank.gov.ua>.
13. Платіжний баланс України [Електронний ресурс]. – Режим доступу : <https://index.minfin.com.ua/ua/economy/balance>.
14. Про банки і банківську діяльність : Закон України № 212-III від 07.12.2000 р., із змінами, внесеними 18.09.2012 р. [Електронний ресурс]. – Режим доступу : <http://zakon1.rada.gov.ua/laws/show/2121-14>.
15. Про інвестиційну діяльність : Закон України № 15661-XII від 18.09.1991 р., зі змінами від 15.04.2014 р. [Електронний ресурс]. – Режим доступу : <http://zakon5.rada.gov.ua/laws/show/1560-12>.
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17. Статистика зовнішнього сектору України за методологією 6-го видання "Керівництва з платіжного балансу та міжнародної інвестиційної позиції" (МВФ, 2009) [Електронний ресурс]. – Режим доступу : <https://bank.gov.ua/ua/statistic/sector-external/data-sector-external#1>.
18. 360 Degrees of Financial Literacy [Electronic resource]. – Access mode : <http://www.360financialliteracy.org>.
19. Business Dictionary [Electronic resource]. – Access mode : <http://www.businessdictionary.com/definition>.
20. Data and Statistics about the U.S. [Electronic sources]. – Access mode : <https://www.usa.gov/statistics>.
21. Digital economy and society statistics – households and individuals [Electronic resource]. – Access mode : https://ec.europa.eu/eurostat/statistics-explained/index.php / Digital_economy_and_society_statistics_-_households_and_individuals.
22. EU Statistics [Electronic resource]. – Access mode : <https://ec.europa.eu/eurostat/home>.
23. Financial Literacy for Everyone: Practical Money Skills [Electronic resource]. – Access mode : <http://www.practicalmoneyskills.com>.
24. Portal Site of Official Statistics of Japan [Electronic resource]. – Access mode : <https://www.stat.go.jp/english>.

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НАВЧАЛЬНЕ ВИДАННЯ

МІЖНАРОДНІ ФІНАНСИ

**Методичні рекомендації
до практичних завдань
і самостійної роботи студентів
спеціальності 291 "Міжнародні відносини,
суспільні комунікації та регіональні студії"
першого (бакалаврського) рівня
(англ. мовою)**

Самостійне електронне текстове мережеве видання

Укладач **Лебідь** Олеся Вікторівна

Відповідальний за видання *І. П. Отенко*

Редактор *З. В. Зобова*

Коректор *З. В. Зобова*

Подано методичні рекомендації до практичних завдань і самостійної роботи студентів з навчальної дисципліни. Наведено основні питання тем, які вивчають за планом лекцій; подано практичні завдання та рекомендації щодо їх виконання. Наведено завдання для самостійної роботи, запитання для самоперевірки та самостійного поглибленого вивчення і теми для написання есе.

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