

Appx 2

to the Order of March 23, 2023 № 244

**NATIONAL UNIVERSITY OF LIFE AND ENVIRONMENTAL SCIENCES OF
UKRAINE**

Department Banking and Insurance

"CONFIRMED"
Dean of the Faculty (Director of Institute)
(Anatoliy DIBROVA)
"30" 05. 2023 p



"APPROVED"
at the meeting of the department banking and insurance
Protocol №10 dated "29" 05 2023p.
Head of Department (Victoriia KOSTIUK)

"REVIEWED"
Program Coordinator "Finance and insurance"
Program Coordinator
Yuliia NEHODA

PROGRAM OF THE COURSE

**FOREIGN EXCHANGE CREDIT AND SETTLEMENT
BANKING OPERATIONS**

(назва навчальної дисципліни)

Спеціальність

072 Finance, Banking and Insurance

(шифр і назва спеціальності)

Освітня програма

Finance and Credit

(назва спеціалізації)

Факультет

Economic

(назва факультету)

Розробники:

Ph.D. in Economics, Associate Professor

Viktoriia Kostiuk

(посада, науковий ступінь, вчене звання)

Kyiv – 2023 p.

1. Description of the course

FOREIGN EXCHANGE CREDIT AND SETTLEMENT BANKING OPERATIONS

Field of knowledge, specialty, educational program, educational degree		
Educational degree	Bachelor	
Specialty	072 Finance, Banking and Insurance	
Educational program	Finance and Credit	
Characteristics of the study discipline		
Type	Elective	
Total number of hours	150	
Number of ECTS credits	5	
Number of content modules	2	
Course project (work) (if applicable)	X	
Form of assessment	Exam	
Characteristics of the full time and part time training type		
	full-time education	Part-time form of study
Course (year of study)		
Semester		
Lecture classes	30 hr	15 hr
Practical, seminar classes	30 hr	20 hr
Self-study		
Individual assignments	90 hr	115 hr
Number of weekly classroom hours for the full-time form of study		
Course (year of study)		

2. Purpose, objectives, and competencies of the course

Purpose: formation of the students' system of theoretical knowledge on the functioning of the foreign exchange market and mastering of practical skills of currency credit and settlement banking operations.

The objectives to understand the essence and significance of the foreign exchange market in the sphere of economic relations; get acquainted with the theory of functioning and development of the world monetary system; to systematize such categories as "currency", "foreign exchange market", "international settlements", "foreign exchange transactions"; to study the types, types and forms of international settlements; to know the normative legal acts regarding the functioning of the foreign exchange market in Ukraine; be able to identify currency risks and organize lines of defense in the process of currency risk management; master the technologies of conducting conversion, deposit, forward and futures operations, options, swaps; master the practical skills of concluding foreign exchange deals using Reuters and Ukrdyling dealing equipment; gain practical experience in accounting for currency transactions in the B2 Automated Banking System.

Acquisition of competencies:

Integral competence (IC): the ability to solve complex tasks and problems in the process of professional, educational and research activities in the field of finance, banking and insurance.

General competences (GC):

GC02. Ability to apply knowledge in practical situations.

GC06. Ability to conduct research at an appropriate level

GC07. Ability to learn and master modern knowledge.

GC08. Ability to search, process and analyze information from various sources.

GC11. Ability to communicate with representatives of other professions of groups of different levels (with experts from other fields of knowledge/types of economic activity).

Professional (special) competences (PC):

PC01. The ability to investigate trends in economic development using the tools of macro- and microeconomic analysis, to evaluate modern economic phenomena.

PC02. Understanding the peculiarities of the functioning of modern global and national financial systems and their structure.

PC03. Ability to diagnose the state of financial systems (state finances, including budget and tax systems, finances of economic entities, household finances, financial markets, banking system and insurance).

PC05. Ability to apply knowledge of legislation in the field of monetary, fiscal and financial market regulation.

PC08. Ability to perform control functions in the field of finance, banking and insurance.

PC10. Ability to determine, justify and take responsibility for professional decisions.

PC11. The ability to maintain an appropriate level of knowledge and constantly improve one's professional training.

Unique (special, professional) competencies:

PC13. The ability to analyze and forecast the main trends in the development of the agricultural sector with appropriate financial and credit support and insurance protection.

Program learning outcomes (PLO):

PLO01. Know and understand economic categories, laws, causal and functional relationships that exist between processes and phenomena at different levels of economic systems.

PLO02. Know and understand the theoretical foundations and principles of financial science, the peculiarities of the functioning of financial systems.

PLO03. Determine the peculiarities of the functioning of modern world and national financial systems and their structure.

PLO04. Know the mechanism of functioning of state finances, including budget and tax systems, finances of business entities, household finances, financial markets, banking system and insurance.

PLO06. Apply appropriate economic and mathematical methods and models for solving financial problems.

PLO07. Understand the principles, methods and tools of state and market regulation of activities in the field of finance, banking and insurance.

PLO08. Apply specialized information systems, modern financial technologies and software products.

PLO10. Identify sources and understand the methodology of determination and methods of obtaining economic data, collect and analyze the necessary financial information, calculate indicators characterizing the state of financial systems.

PLO15. Communicate orally and in writing in a foreign language in professional activities.

PLO20. Perform functional duties in the group, offer sound financial solutions.

PLO22. Know your rights and responsibilities as a member of society, understand the values of a free democratic society, the rule of law, the rights and freedoms of a person and a citizen in Ukraine.

PLO23. Determine achievements and identify the values of society based on understanding the place of the subject area in the general system of knowledge, use different types and forms of motor activity to lead a healthy lifestyle.

3. The program and structure of the educational discipline for:

- complete full-time (part-time) form of study;
- shortened full-time (part-time) form of study.

Content module 1. Economic content of the foreign exchange market and international settlements.

Topic of the lecture 1. The essence and functions of the currency market, its role in the economy.

The essence and functions of the currency market, its role in the economy. Participants of the currency market. The structure of the foreign exchange market.

Currency and currency values. Currency convertibility and exchange rate. Currency position. The world monetary system and its evolution. Paris gold standard system. The Genoese system of the gold exchange standard. Bretton Woods currency system. Kingston (Jamaican) currency system. Currency blocks and zones. EU monetary union. Theories of exchange rate regulation.

Topic of lecture class 2. International calculations.

Economic foundations of international settlements. Currency, financial and payment terms of international operations. Types, types and forms of international settlements. Advance. letter of credit Debt collection Bank Transfer. Settlements using promissory notes and checks. Settlements for open accounts. Consignment. Settlements using plastic cards. Risks in international settlements and methods of their minimization.

Topic of the lecture 3. Basics of the organization of currency relations in Ukraine.

Stages of formation of the currency market of Ukraine. Regulatory and legal support for the functioning of the foreign exchange market in Ukraine. The main terms on the currency market of Ukraine: currency of Ukraine, foreign currency, currency transactions, residents, non-residents. The procedure for organizing trade and settlements on the foreign exchange market of Ukraine. Functions of state bodies and the banking system of Ukraine in the field of currency control. Liability for violation of currency legislation. Procedure for opening, using and closing accounts in national and foreign currencies. Procedure and conditions of foreign currency trading. The foreign exchange market of Ukraine in the conditions of the financial crisis. Regulation of the foreign exchange market in crisis conditions.

Topic of lecture 4. New currency regulation in Ukraine.

Prerequisites for the liberalization of currency legislation in Ukraine. Legal acts that are the basis for the new system of currency regulation. What currency relaxations are waiting for business and the population. How currency control will be simplified. How the National Bank will supervise banks. How banks will monitor customer transactions. Roadmap for the further abolition of currency restrictions.

Topic of lecture 5. Tools for hedging currency risks of business.

To hedge or not? What currency risk is most often hedged. Hedging instruments. Normative and legal regulation of currency transactions on "forward" terms. The practice of using forwards in Ukraine. And what is the share of forward operations in the world? The formula for calculating the forward rate. Myths about domestic hedging. Current issues regarding the use of forwards.

Content module 2. Technologies of currency operations.

Topic of lecture session 6. Conversion operations.

General characteristics of conversion operations. Currency transactions on spot terms. Valuation date. Exchange rate. The process of setting the exchange rate. Basic points. Direct and indirect quotation. Bid and Offer courses. Spread Cross rates and their calculation. Currency position of the bank. Types of currency positions. Open and closed currency position. Short open and long open currency position. Open currency position limits.

Topic of lecture 7. Deposit and credit transactions.

General characteristics of deposit operations. Attracting and placing funds. Types of deposits by terms. Transaction days, value date and expiration date. Interest rates. Simple interest formula. Methods of calculating interest by the number of days in a year. Bid and Offer parties and the size of the margin in the quotation of interest rates. Deposit position and interest arbitrage. Interbank and client deposits.

Topic of lecture 8. Forward and futures operations, options, swaps.

General characteristics of forward operations. Forward rate. Use of forward contracts to minimize risks. Profit (loss) on a forward contract. Currency futures. Currency swaps. Currency options. Currency arbitrage.

Topic of lecture 9. Making deals using Reuters and Ukrdealing dealing equipment.

General familiarization with the structure of Reuters and Ukrdealing services. Specifics of negotiating with Reuters (keywords, commonly used abbreviations). The procedure for concluding and confirming deposit agreements (placement, attraction, prolongation of deposits). The procedure for concluding and confirming conversion agreements.

Topic of the lecture class 10. Accounting of currency transactions in the Automated Banking System B2.

General introduction to the functional structure of ABS B2. Subsystems for the automation of agreements on the provision and attraction of resources on the interbank market; purchase, sale or conversion agreements on the interbank foreign exchange market; banknote operations for the purchase/sale of available funds for non-cash transactions.

Structure of the educational discipline

Names of content modules and topics	Number of hours												
	Full-time form							Part-time form					
	weeks	total	including					total	including				
			l	p	lab	ind	self		l	p	lab	ind	self
1		2	1	2	1	2	1	2	1	2	1	2	1
Content module 1. Economic content of the foreign exchange market and international settlements													
Topic 1. The essence and functions of the	1-2	14	3	3			9	15	1	2			11

Names of content modules and topics	Number of hours												
	Full-time form							Part-time form					
	weeks	total	including					total	including				
			l	p	lab	ind	self		l	p	lab	ind	self
1		2	1	2	1	2	1	2	1	2	1	2	1
currency market, its role in the economy													
Topic 2. International settlements	3	14	3	3			9	15	1	2			11
Topic 3. Basics of the organization of currency relations in Ukraine	4	14	3	3			9	15	1	2			11
Topic 4. New currency regulation in Ukraine	5	16	3	3			9	15	1	2			11
Topic 5. Tools for hedging currency risks of business	6	16	3	3			9	15	1	2			11
Total for content module 1		74	15	15			45	75	5	10			55
Content module 2. Technologies of currency transactions													
Topic 6. Conversion operations	7-8	16	3	3			9	15	2	2			12
Topic 7. Deposit and credit operations	9	16	3	3			9	15	2	2			12
Topic 8. Forward and futures operations, options, swaps	10-11	16	3	3			9	15	2	2			12
Topic 9. Making deals using Reuters and Ukrdyling dealing equipment	12-13	14	3	3			9	15	2	2			12
Topic 10. Accounting of currency transactions in the Automated Banking System B2	14-15	14	3	3			9	15	2	2			12
Total for content module 1		76	15	15			45	75	10	10			60
Total	15	150	30	30			90	150	15	20			115

4. Seminar class topics

№	Topic	Hours
1	The essence and functions of the currency market, its role in the economy	3
2	International settlements	3
3	Basics of the organization of currency relations in Ukraine	3
4	New currency regulation in Ukraine	3
5	Tools for hedging currency risks of business	3
Total		15

5. Practical class topics

№	Topic	Hours
1	Conversion operations	3
2	Deposit operations	3
3	Forward and futures operations, options, swaps	3
4	Conclusion of agreements with the help of Reuters and Ukrdyling dealing equipment	3
5	Accounting of currency transactions in the Automated Banking System B2	3
Total		15

1. Laboratory class topics

(not provided for in the curriculum)

2. Independent work topics

№	Topic title	Number of hours
1	The essence and functions of the currency market, its role in the economy	9
2	International settlements	9
3	Basics of the organization of currency relations in Ukraine	9
4.	New currency regulation in Ukraine	9
5.	Tools for hedging currency risks of business	9
6.	Conversion operations	9
7.	Deposit operations	9
8.	Forward and futures operations, options, swaps	9
9.	Conclusion of agreements with the help of Reuters and Ukrdyling dealing equipment	9
10	Accounting of currency transactions in the Automated Banking System B2	9
Всього годин:		90

8. Samples of control questions, tests to determine the level of knowledge acquisition by students

Control questions:

1. Define the concept of "foreign exchange market".
2. By what criteria are currency markets classified?
3. Name the main participants and instruments of the world currency market.
4. What should be understood by the term "currency"?
5. What currencies are traded on the regional currency market?
6. Name the characteristic features of the national currency market.
7. What functions do currency markets perform?
8. Name the main participants of the currency market. What are their functions, goals?
9. How is trade organized on the interbank foreign exchange market?
10. How is trade organized on the exchange currency market?
11. Name the exchanges that trade in foreign currency.
12. Describe modern world currency and financial centers and explain their emergence.
13. What factors contribute to the growth of speculative transactions on the foreign exchange market?
14. How does the development of information technology affect the development of the currency market?
15. Define the concept of "exchange rate".
16. Name the types of exchange rate regimes.
17. How do the concepts of "direct quotation" and "indirect quotation" of a currency differ?
18. Define the concept of "cross-course". What are the ways to calculate the cross rate?
19. What is the difference between the "seller's rate" and the "buyer's rate" of a currency?
20. How do the concepts of "spread" and "margin" differ?
21. Define the term "fixing". What is the essence of the fixing mechanism in the foreign exchange market?
22. Name the main groups of factors affecting the exchange rate.
23. What factors lead to an increase in the exchange rate? Describe the consequences of an increase in the exchange rate for different groups of market participants.
24. What factors lead to a decrease in the exchange rate? Describe the consequences of a decrease in the exchange rate for different groups of market participants.
25. Define the concept of "currency position". What types of currency position are there?
26. Which result will lead to an increase in the exchange rate of the currency in which there is a short currency position?
27. Which result will lead to a decrease in the rate of the currency in which there is a long currency position?

28. For what purpose can an open currency position be maintained?
29. For what purpose are the limits of open currency positions established?
30. Define the world monetary system.
31. What are the characteristic features of the Paris system of the gold standard?
32. Describe the Genoese system of the gold exchange standard.
33. Name the main features of the world currency crisis of 1929-1933.
34. Analyze the course of preparation and signing of the Bretton Woods monetary and financial agreement.
35. Name the main principles of operation of the Bretton Woods monetary system.
36. When did the crisis and collapse of the Bretton Woods system begin?
37. Describe the main provisions of the Kingston currency system.
38. What is a currency block? What are the economic prerequisites for its formation?
39. Describe the sterling, dollar and gold currency blocks.
40. What are the main economic features of the currency zone?
41. Name the most characteristic features of the sterling, dollar currency zones and the French franc zone.
42. What was the purpose of creating the European Monetary System?
43. Name the main stages of the transition to the European Economic and Monetary Union (EMU).
44. Describe the positions of individual EU countries regarding the introduction of the single euro currency.
45. When was the European Central Bank (ECB) established?
46. Name the requirements related to the financial and economic indicators of countries that wish to join the euro zone.
47. Describe the prospects for Ukraine's cooperation with the countries of the euro zone.
48. Define the concept of "international settlements. What types of international settlements exist?
49. Name the main principles of organizing international settlement operations.
50. Describe the features of international settlements.

Test tasks: to determine the level of knowledge acquisition by students

1. Choose the correct definition of a term agreement:
 - a) a single conversion forward transaction subject to the availability of a specified value date;
 - b) conversion forward operation with the stipulation of an unfixed currency delivery date;
 - c) conversion agreements with the delivery of a specified amount of foreign currency within a specified period after the conclusion of the agreement at the exchange rate fixed at the time of its conclusion;
 - d) combination of two opposite conversion operations.
2. The compensation margin is:
 - a) maintenance margin;

- b) the minimum value of the initial margin;
- c) the client's contribution to ensure the contract;
- d) making a profit by changing the price difference between different deals.

3. The difference between the seller's and the buyer's rates is:

- a) margin;
- b) fixing;
- c) cross course;
- d) spot rate

4. Variation margin is:

- a) the amount deposited to maintain an open position on the market;
- b) the difference between exchange rates on the opening and closing day of the position;
- c) the client's contribution to ensure the contract;
- d) making a profit by changing the price difference between different deals.

5. The initial margin is:

- a) the amount deposited to maintain an open position on the market;
- b) the difference between exchange rates on the opening and closing day of the position;
- c) the client's contribution to ensure the contract;
- d) making a profit by changing the price difference between different deals.

6. The most common forms of foreign exchange transactions on the interbank foreign exchange market are transactions:

- a) spot, forward, arbitration;
- b) spot, forward, swap;
- c) spot, forward, swap, futures and option;
- d) there is no correct answer.

7. The most common forms of currency transactions on the exchange market are transactions:

- a) futures and spot;
- b) futures, option, swap;
- c) futures, option, swap, spot, forward;
- d) there is no correct answer.

8. Features of the currency futures market are:

- a) high level of standardization of contracts and their reliability;
- b) a wide range of currencies that must be exchanged for each other;
- c) low liquidity of contracts;
- d) the possibility of operating large sums with small initial costs.

9. Deportation is:

- a) purchase of currency on spot terms and its sale on forward terms;
- b) purchase of currency on forward terms and its sale on spot terms;
- c) sale of currency on spot terms and its simultaneous purchase on forward terms;
- d) sale of currency on the terms of an option contract with its simultaneous purchase on the terms of the spot.

10. Forward agreements, which are mandatory for execution and concluded outside the stock exchange, are:

- a) futures;
- b) forward;
- c) option;
- d) swap.

9. Teaching methods

The teaching of this discipline is carried out using lectures, seminar (practical) classes.

Methods of problem-based learning are used:

- problematic presentation of the material
- frequency search (heuristic)
- research (when writing abstracts, master's theses)

10. Forms of assessment

1. Current control – test tasks on modular works.
2. Final control - exam.

11. Distribution of points received by students.

Evaluation of student knowledge is carried out on a 100-point scale and is converted to national grades according to Table 1 "Regulations and Examinations and Credits at NULES of Ukraine" (order of implementation dated 26.04.2023, protocol №10)

Student rating, points	National grade based on exam results	
	Exams	Credits
90-100	Excellent	Passed
74-89	Good	
60-73	Satisfactory	
0-59	Unsatisfactory	Not passed

In order to determine the rating of a student (listener) in the discipline R_{dis} (up to 100 points), the rating from the exam R_{ex} (up to 30 points) is added to the rating of a student's academic work R_{aw} (up to 70 points): $R_{dis} = R_{aw} + R_{ex}$.

12. Educational and methodological support.

1. Аврамчук Л.А., Костюк В.А., Жарікова О.Б. Методичні вказівки для самостійного вивчення дисципліни «Валютно – кредитні та розрахункові банківські операції» для студентів денної форми навчання спеціальності 072 «Фінанси, банківська справа та страхування». Київ: ТОВ «Компринт». 2023. 96 с.
2. Електронний курс дисципліни «Валютно-кредитні та розрахункові банківські операції». URL: <https://elearn.nubip.edu.ua/course/view.php?id=3685>

13. Recommended Literature

1. Губарева І.О. Міжнародні розрахунки і валютні операції: конспект лекцій / І.О. Губарева. Х.: Харк. нац. екон. ун-т, 2021. 128 с.
2. Міжнародні розрахунки та валютні операції: навч. посіб. Т.С. Шемет, А.М. Коряк, О.М. Диба. К.: Київ. нац. екон. ун-т ім. В. Гетьмана, 2020. 348 с.
3. Мілай А.О. Міжнародні кредитно-розрахункові та валютні операції: навч. посіб. / А.О. Мілай. - К. : Міжрег. акад. упр. персоналом 2019. 384 с.
4. Руденко Л.В. Міжнародні кредитно-розрахункові і валютні операції: підруч. для студ. вищ. навч. закл. / Л.В. Руденко. - К. : Центи учбової книги, 2013. 616 с.
5. Шевчук І.М. Міжнародні розрахунки і валютні операції: навч.- метод. посіб. / І.М. Шевчук. Л. : Львів, комерц. акад., 2014. 147 с.
6. Закон України. Про банки і банківську діяльність. [Електронний ресурс]. – Режим доступу: <https://zakon.rada.gov.ua/laws/show/2121-14#Text>
7. Закон України. Про валюту і валютні операції. [Електронний ресурс]. – Режим доступу: <https://zakon.rada.gov.ua/laws/show/2473-19#Text>
8. Положення про структуру валютного ринку України, умови та порядок торгівлі іноземною валютою та банківськими металами на валютному ринку України. - Затверджено постановою Правління Національного банку України від 02.01.2019 № 1. [Електронний ресурс]. – Режим доступу: <https://zakon.rada.gov.ua/laws/show/v0001500-19#Text>
9. Положення про здійснення операцій із валютними цінностями. – Затверджено постановою Правління Національного банку України від 02.01.2019 № 1. [Електронний ресурс]. – Режим доступу: <https://zakon.rada.gov.ua/laws/show/v0002500-19#Text>
10. Положення про організацію системи управління ризиками в банках України та банківських групах. - Затверджено постановою Правління Національного банку України від 11.06.2018 № 64. [Електронний ресурс]. – Режим доступу: <https://zakon.rada.gov.ua/laws/show/v0064500-18>

Information resources

1. <http://bank.gov.ua/>
2. <http://rada.gov.ua/>
3. <http://finance.ua/>
4. <http://www.prostobankir.com.ua/>
5. <http://www.prostobank.ua>