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INTERNATIONAL FINANCIAL MANAGEMENT



RADOSTINA AVGUSTINOVA
STUDENT NUMBER: 1913408
MODULE TITLE: International
Financial Management
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TUTOR NAME: Dr Hossein Shokri

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INTRODUCTION

International finance is the study of financial relations between at least two countries (Bekaert and Hodrick, 2013). Among other things, global money is looking into unique direct speculation and money transaction rates. As globalisation has evolved, the importance of global money has grown. HSBC Holdings plc is a British multinational bank and financial services holding corporation. It is Europe's second largest bank after BNP Paribas, with total revenue of US\$49,552 million and resources of US\$2.958 trillion as of December 2021. (HSBC, 2021). HSBC offers three business bundles: Business Banking, Global Banking and Markets, and Wealth and Personal Banking. The founding of HSBC began with a simple concept: a local bank that addressed global needs. In March 1865, HSBC made its business debut in Hong Kong, contributing in the financing of trade between Europe and Asia. Its headquarters are currently in the United Kingdom, in England. Among the services include commercial trade, corporate, private banking, and credit cards.

HSBC is a member of both the Hang Seng Index and the FTSE 100 Index, and it has significant assets in both the Hong Kong and London stock exchanges (HSBC, 2021). It is a stock trading posting on the New York Stock Exchange and the Bermuda Stock Exchange. We examine HSBC's dividend distribution policies in this paper. The HSBC market hypothesis theory and the HSBC project assessment approach are also evaluated (HSBC, 2019).

ANALYSIS AND DIVIDEND POLICY OF HSBC

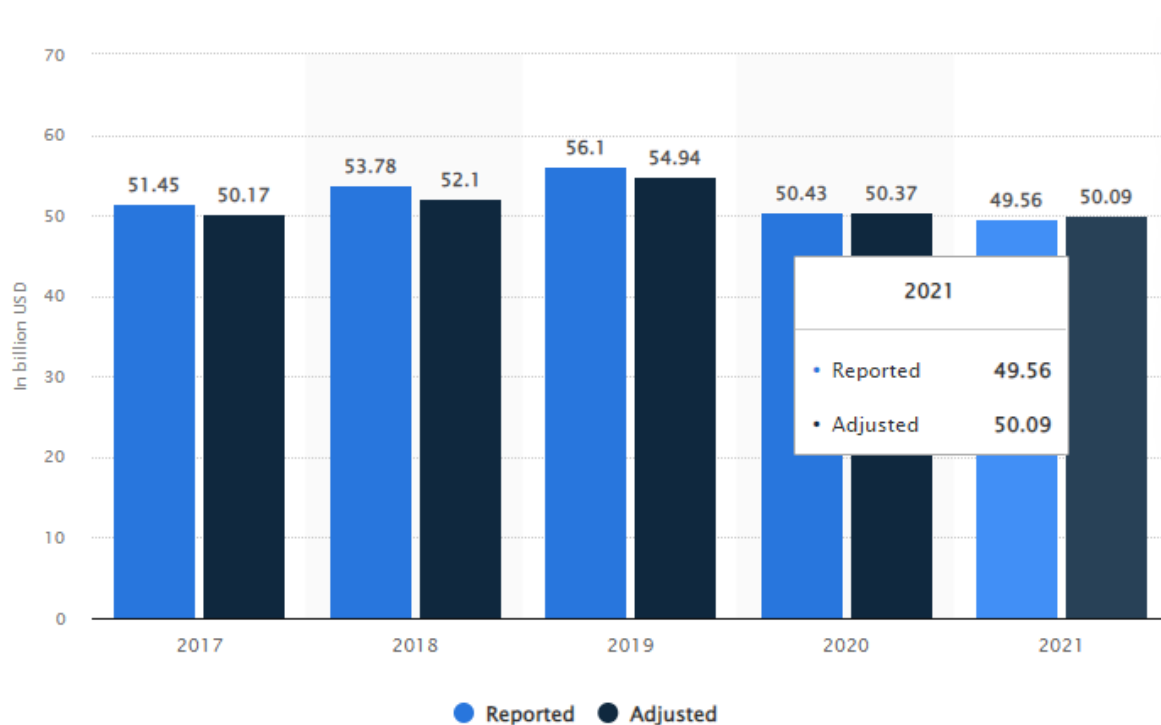
The decision of the percentage of earnings paid out to shareholders – generally on a regular basis – is known as dividend policy (Arnold, 2013). Money management in a global business context, often known as international money, comprises exchanging and profiting from the trading of unfamiliar currency. The basic purpose of global monetary policy is to enhance investor wealth (Poloz, 2015). This would include making hazardous business and financial decisions that would boost the company's value. One of the most important reasons for focusing on investor abundance is that firms who do not do so risk being bought by competitors (South China Morning Post, 2022). International finance has a role in determining exchange rates and the relative worth of each country in terms of those currencies. Financial Management (FM) is an integral component of the development process in all HSBC Bank-financed operations and country institutional building projects, and it is

crucial to accomplishing the HSBC Bank's long-term goals of eradicating extreme poverty and enhancing shared prosperity (HSBC, 2022).



(HSBC, 2022)

In today's reality, HSBC stands out among many banks as one of the world's major financial foundations. HSBC has had an impact in the context of its framework and adheres to the tagline "as the World's Leading International." They are well-known for its slogan, "The World's Local Bank." HSBC has a vast number of clients all around the world, as well as a significant number of specialists who handle their needs. HSBC had grown over the years by continually purchasing and acquiring other significant banks, and they had increased their cut-off whenever a route in was identified. Furthermore, despite the global financial crisis, it bends and continues to expand. Moreover, HSBC should promote for possible future customers while also retaining present clients by offering a selection of offerings and communicating with them through showcasing and limited time activities (Bhasin, 2022). The HSBC Bank's FM action has two primary goals: to help emerging nations improve their monetary association execution and limit while fostering openness and transparency, and to give appropriate attestation on the usage of Bank advance returns (Bhasin, 2022). It contributes in the examination of progress rates and the choice to invest in wide responsibility protections. It assists in assessing the HSBC bank's financial assets in various countries and deciding on the new market.



(Source: Statista, n.d.)

The inadequacy theories of Miller and Modigliani (1958, 1961) are at the heart of modern corporate finance theory. According to the MM hypotheses, in market economics with a fixed investment strategy, every feasible capital structure and dividend policy is optimal since they all reflect the same amount of shareholder value, and it makes no difference which one is picked (Aharoni, Grundy and Zeng, 2013).

Every year, HSBC pays three to four dividends, including special earnings. They report the dividend in US dollars but accept UK pounds sterling and Hong Kong dollars. They also allow stockholders to utilise any mixture of the three. HSBC said that the interim dividend disbursement on April 28, 2021, and the amount would be US \$ 0.18, i.e., 18 cents per share (HSBC,n.d.).

2021

Dividend	Announcement	Payment date	Value per share	Timetable
Second interim	22 Feb 2022	28 Apr 2022	US\$0.18 (£0.138188) (HK\$1.411736)	Show less ^
Timetable information	22 Feb 2022	Announcement		
	10 Mar 2022	Shares quoted ex-dividend in London, Hong Kong, New York and Bermuda		
	11 Mar 2022	Record date in London, Hong Kong, New York and Bermuda		
	13 Apr 2022	Election deadline		
	19 Apr 2022	Exchange rate determined for payment of dividends in sterling and Hong Kong dollars		
	28 Apr 2022	Payment date		
Interim for 1H21	02 Aug 2021	30 Sep 2021	US\$0.07 (£0.051203) (HK\$0.545077)	Show less ^

(Source: HSBC, n.d.)

ANALYSIS OF MODERN HYPOTHESIS THEORY OF HSBC

Both the Efficient Market Hypothesis and Modern Portfolio Theory are based on the assumption of comprehensive universal information (Beyhaghi and Hawley, 2013). This indicates that everyone, no matter where they are, has access to the same information.



(Source:IG Group, 2022)

One of the ramifications of these principles is that no monetary donor obtains an advantage in dealing with financial assets. Another implication is that asset prices should not be impacted

by the trading zone (HSBC, 2022). Claims on a comparative game plan of risk wages should be assigned a same value wherever they are traded. In typical bids, HSBC's transaction capital is divided into around \$17.5 billion. HSBC's corporate headquarters are in London and Hong Kong. Its American Depositary Receipts are kept in New York, and it is also listed on Euronext Paris and the Bermuda Stock Exchange. In any case, the last two have far smaller trade volumes than London, Hong Kong, or New York. In 119 countries, HSBC has around 220,000 financial supporters, with individual financial backers accounting for two-thirds of offers and institutional financial backers accounting for one-third. Despite the fact that the top 1,000 financial supporters had 95 percent of the bids, just five financial backers had more than 1% of the deal capital (HSBC, 2021).



(Source: NeighborWorks Community Partners, 2019)

Share costs, according to the efficient market hypothesis (EMH) or theory, address all facts. According to the EMH, offers should be exchanged based on their honest appraisal of deals. According to EMH proponents, financial backers profit from investing resources into a low-cost, separate portfolio. The fact that HSBC is one of the world's major banking and financial

companies brings with it a unique combination of risks and vulnerabilities. Significant financial issues, such as variations in new currency rates and the volatility of the world's stock markets, have an influence on an institution's profitability (Daga, 2022). Other monetary effects include changes in government interest rates, loan charge volatility, notably in Asia and South Africa, enlarged or worsening downturns, and company movements. The HSBC group, like other financial foundations and banks, has recently dealt with a variety of challenges, the most vexing of which was HSBC specialised administration (HSBC, 2022). Despite the way that there was some client devotion throughout the development of what is now known as 'HSBC,' the organisation lost a large number of clients to rival banks because of sensitive information theft and the insufficiency of HSBC's innovation representatives.

Furthermore, HSBC has been aggressive in mergers and acquisitions in order to increase its total presence and corporate reputation. In order to achieve this, HSBC disclosed reduced advance charges and less costly home credit shops in order to enhance house advance lending. They provided home loans of up to 90% of the property's worth, which was competitive when compared to other institutions such as the Royal Bank of Scotland, Yorkshire Building Society, Lloyds TSB Bank, and others. The bank's benefits should be supported by HSBC's concepts for completely adaptable house loans. HSBC has shifted its development and contact centre concentration to Asian nations like as India, China, Malaysia, and the Philippines, and as a result, European and American customers are losing faith in the bank. This results in human reinforcement and errands, eroding customers' faith and trust in the bank's management of their money substantially more (Taghian, Asadi and Safabakhsh, 2022).

STAKEHOLDER THEORY

Stakeholder Theory is a private enterprise perspective that emphasises the importance of a company's interactions with its customers, suppliers, representatives, financial backers, networks, and other stakeholders. A corporation, according to the principle, should deliver value to all partners, not only investors.



(Source: HSBC Stakeholders., 2022)

HSBC is a responsible firm that prioritises the interests of its stakeholders. The aims and goals of the organisation are established in order to satisfy the stakeholders. The opinions and expectations of stakeholders like as the government, shareholders, and customers are considered in HSBC's corporate decision-making processes. They outlawed advertising to children under the age of eight in 2001, citing marketing concerns as well as current research on the age at which youngsters recognise and grasp commercial aims (Freeman, 2018). The audience is primarily made up of youngsters under the age of eight. HSBC plc places a high value on the stakeholders listed above.

HSBC CORPORATION METHODS OF APPRAISING PROJECT

HSBC uses a financial analysis technique to analyse projects. Due to the complexity of project financing and export credit arrangements, many project sponsors hire a specialist to assist them in building creditworthy and bankable financial structures to support their efforts.

HSBC is committed to aid projects in the most suitable way possible as a leading global advisor and arranger of limited recourse project finance. Because of HSBC's global reach and breadth, they can assist Clients in securing the greatest project finance possibilities available, no matter where they are (Daga, 2022).

CONCLUSION

International Financial Management (IFM) is an essential component of the development process in all HSBC Bank-financed operations and country institutional development initiatives, and it is critical to achieving the HSBC Bank's long-term goals of eliminating extreme poverty and promoting shared prosperity. It assists in the assessment of HSBC's financial assets in various countries, as well as the choice to join a new market. Significant financial concerns, such as currency rate fluctuations and global stock market volatility, have an impact on a company's profitability.

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