

# Student Exchange Report

## Shanghai Advanced Institute of Finance – Jiao Tong University

Martin Reck – Fall Semester 2017/2018



*Picture 1 Shanghai Skyline*

### **My stay at the Shanghai Advanced Institute of Finance**

As a student of the Master in Money and Finance at the Goethe-University Frankfurt, I was taking part in a student exchange with the Shanghai Advanced Institute of Finance from September 2017 to January 2018. The Shanghai Advanced Institute of Finance (SAIF) was established in 2009 as part of the Jiao Tong University, one of the leading universities in China. SAIF defines its mission as to help building Shanghai into a global financial center by educating future financial leaders and providing professional advice to policy makers.

### **Preparation for the exchange**

A few weeks after Goethe-University nominated me for the student exchange I was contacted by the international office of SAIF, which guided me through the rest of the application process. First, I had to complete the enrollment with Jiao Tong University. Due to a short time frame it is advisable to prepare the necessary documents, including a recommendation letter and a transcript of records. After completion, I got mailed documents for the visa application. Fortunately, there is a Chinese visa office in Frankfurt and the procedure was finished within 3 days. However, they just grant X2 visas, allowing a stay up to 180 days without any re-entry permissions. This can be expanded to single- and multiple entry visas once you are within mainland China.

In addition, I had to make sure that I was covered by health insurance. The international office provided me with information on Chinese companies that sell insurances online, however I chose to be covered by my German insurer and asked them to provide me with the English documents. Next, I was informed on course selection. SAIF has a three-staged course selection arrangement. In the first round there is an auction process for courses, i.e. the highest bidder gets a seat. In the second round all unfilled seats will be stocked up by first come first served. The third round is called “Drop & Add”, where you can take a trial session on the first day of class and change your original course selection. This procedure seems a bit too complex and in fact, all of us exchange students got their favored courses in the first round already. Finally, I had to apply for the dorms on campus. The Jiao Tong University can't offer accommodation for all exchange students. They have housings on campus, but the rooms are limited and highly demanded. Therefore, I had to be ready at 3 a.m. German time on the 19th July just as the booking period opened. Within a few minutes all dorms were booked out and I was lucky to get a small shared room on campus. If you want to live in the dorms be prepared with your credit card on booking day and be ready to pay the rent for the whole stay upfront, which fortunately only was 4600RMB in my case. All in all, the international office of SAIF prepared me well for the stay. After I arrived on the 5<sup>th</sup> of September I simply moved into the dorms and submitted my documents to the university. Already, I was settled for my exchange semester.



*Picture 2City Tour with SAIF exchange students. At the top of Shanghai World Financial Center.*

### **At the university**

As an exchange student, SAIF offered me a choice of 14 courses, which were joined with MBA students and advanced Master of Finance students. The electives were scheduled in the evening or for the weekend, since students at SAIF usually do internships or have full-time work through their studies. The courses I selected were taking place one after another, with each course lasting three to four weeks. This eventually gave me the chance to focus on every subject carefully while having a lot of

spare time. Generally, courses put their emphasis less on the financial theory but much more on the practical application and credit 6 CP at Goethe-University.

**Asset Management in Practice – Paul Burik** This course provided an overview of the asset and wealth management business. It was examined how to create an investment program and how firms manage portfolios, looking at global best practices but exploring the Chinese case as well. The professor was from the US and gave an interesting lecture with many examples. For evaluation, there was one exam and two group assignments.

**Corporate Governance, Strategy & Enterprise Risk – Paul Burik** This is the second course I took from Paul Burik. We discussed central issues to the board of directors and a company's senior management. We examined principles of good governance, strategy and risk management. By reference to numerous real-world examples we compared practices and problems of companies in China and the rest of the world. There was one group assignment and an exam at the end of the course.

**Security Analysis and Valuation – Bin Zhao** This course provided practical tools for valuing a company's securities. It covered the major approaches of Discounted Cash Flow valuation and relative valuation. We were assigned to value a company for investment purposes in groups. Additionally, there was an open book final exam.

**Financial Risk Management – Sang Bin Lee** This course dealt with the identification, measurement and management of risk. We discussed how to quantify various types of risk and how to interpret them. Sang Bin Lee is known for the development of the Ho-Lee short rate model. His approach to teaching is really relaxed and he primarily focuses on giving the intuition of the concepts. The home assignment and the exam were graded generously.

**Chinese course – no credit points** SAIF offers this language course for exchange students. It takes place over the whole semester, three times a week. We started from zero, as nobody of us had any experience before and we build up to small sentences for daily life. I really appreciated the course. Basic Chinese was helpful in many situations because there are many people in Shanghai, who don't speak any English.

### **Student Life**

Living in the student dorms was great. The students, who lived there were all coming from abroad and stayed for the same semester. At first, I was unfamiliar with sharing a room, since dorms in Germany at least have separate bedrooms, but my roommate was nice and I became accustomed to it easily. Also, living closely together means that you constantly meet other people on the floors. It helped me making new contacts and many of these people became good friends. Shanghai generally is a great place for student life. There are countless bars all over the city, many of which are popular even during week days. On top of that, there are many party promoters, who give you free entrance and free drinks to clubs. I really enjoyed going out with friends and will certainly remember Shanghai for its amazing night life. Another great thing is the food culture. Shanghai had to offer both, the traditional, prosperous Chinese cuisine, but also the Western style restaurants. There are restaurants at every street corner, some of which are opened until late in the night. The food is low priced, 20-30 RMB for regular Chinese food and only 10 RMB at the university canteen. If you are looking for a room in Shanghai, don't bother whether it has a kitchen or not. There is absolutely no reason to cook by yourself in Shanghai.

### **A few things that are useful in Shanghai**

A good mobile contract is necessary, since, like in Germany, internet is essential for many things, e.g. communication, navigation and payment. There are mobile providers at the airport but they are, as to be expected, overpriced. I bought my SIM card on registration day on campus and had 2 GB a day [sic] for less than 5 euros/month. Next, a bank account. Jiao Tong University was kind enough to provide me with a bank account from Bank of China, which I had to enable at one of their branches. There are stores right outside the campus, however I had to wait for a long time in the queue, since the Chinese employees work meticulously, not to say slowly. They ask for a Chinese phone number and it is therefore smart to buy a SIM card first. A Chinese bank account combined with a Chinese phone number allows for using mobile payment. Mobile payment is immensely popular in China and can be used everywhere, since everybody has either WeChat Pay or Alipay. I rarely ever used cash afterwards, because even street sale can be closed this way. Additionally, bike sharing and ride sharing can be used via mobile payment. Ofo and Mobike are the most popular bike sharing companies in Shanghai. Unlike bike sharing in Frankfurt, bikes from these companies can be picked up at any place in Shanghai and can be put anywhere. I really loved going around the city by bike since somehow students don't have to pay for this service. Eventually I ended up having over 220 rides. For ride sharing Didi is the most popular choice. Taking the taxi in Shanghai is cheap. In the beginning I took the regular taxis but it can be frustrating that the drivers don't speak English, and unless I had the address in Chinese characters the drivers hardly understood where I wanted to go. In my opinion, Didi is a much better choice. The app is completely in English, and has a chat function with an inbuilt translator, which makes it convenient to use. Additionally, there were many apps that made things easier. First of all, a good VPN service was necessary, because many of my accustomed applications were blocked by the "Great Firewall of China". Although there are some free VPN apps, I found that paying a VPN provider was the most reliable solution. For language issues I appreciated Google translator, since it can translate Chinese characters using the phone camera and translates voice inputs. Maps apps, however, can be tedious. Google Maps requires VPN and is rather outdated. Apple Maps is the best solution, but as I don't have an iPhone I ended up using the food app "Bon App!" not only for looking up restaurants but also for navigation. Finally, I want to mention "SmartShanghai". It gives reviews on many venues and suggests bars with special events on a daily basis.

### **Concluding remarks**

I can recommend SAIF to anyone, who plans to spend a semester abroad. Their staff is professional, enthusiastic and provides a high quality of teaching. Compared to Goethe-University I had to study far less extensively to get top grades and I'm happy to conclude a successful semester from an academic point of view. On top of that, Shanghai is an extraordinary place. The city is a dynamic financial center and a vivid social hub. The spirit of the ever-uprising Chinese economy is noticeable in Shanghai and definitely has left an impact on me. I met many wonderful people and had the opportunity to spend much of my time not only exploring Shanghai, but also to travel around China. I am grateful for this experience and happy to return home with amazing memories.