International Journal of Educational Development
ISSN Print: 3104-4263
ISSN Online: 3104-4271
CD ISSN: 3104-428X
https://doi.org/10.63313/IJED.9048

Bridging Theory and Practice: Exploration of an AI-driven Teaching Design for the "International Finance" Course

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How to cite this paper: Wu, Q. (2026). Bridging Theory and Practice: Exploration of an AI-driven Teaching Design for the "International Finance" Course. *International Journal of Educational Development*, 2(3), 72-79. ISSN Print: 3104-4263; ISSN Online: 3104-4271. https://doi.org/10.63313/IJED.9048
Published: 2026-03-26

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Abstract

The rise of the digital economy and the ongoing development of the "New Liberal Arts" initiative are reshaping finance education, calling for a shift away from traditional knowledge transmission toward the cultivation of higher-order competencies. This paper explores a comprehensive teaching design for the core course International Finance, which directly addresses three persistent challenges: the gap between theory and practice, stu-dents' underdeveloped critical thinking skills, and the superficial integration of values-based education. The proposed reform rests on a three-part foundation—AI-driven instruction, embedded values education, and case-based learning. Centered on the analytical framework of "internal equilibrium and external balance" proposed by Professor Jiang Boke, our design adopts a "One Core, Two Wings, and Three-Stage Progression" teaching model. By embedding AI tech-nologies across the full spectrum of teaching and learning, this approach transforms the classroom into a space for data-driven inquiry, virtual simulation-based decision-making, and intelligent feedback. The paper details specific implementation strategies, including a restructured curriculum, innovative teaching activities, and an intelligent assessment system, which results in a marked improvement in students' analytical and critical thinking skills, a deeper internalization of professional ethics and national identity, and the development of a replicable model for "Intelligent New Finance" course design.

Keywords

International Finance; AI-Driven Pedagogy; Curriculum-Based Ideological and Political Education

1. Introduction

The financial industry is undergoing a paradigm shift characterized by digitalization, intelligence, and globalization. This transformation necessitates a corresponding evolution in financial education, particularly within the context of China's "New

Liberal Arts" construction, which emphasizes interdisciplinary integration, technological infusion, and the cultivation of talents with a comprehensive understanding of both specialized knowledge and broader societal contexts. As a core course in finance and economics programs, "International Finance" occupies a pivotal position in the curriculum. It serves as a bridge between foundational courses and advanced courses.

Despite its strategic importance, the current instruction of "International Finance" faces several persistent challenges. First, a disconnect exists between theoretical models and their practical application. Students often acquire knowledge of theories like the Mundell-Fleming model in an abstract manner, yet struggle to apply these frameworks to analyze complex, real-world economic phenomena (López & Rey, 2020). Second, traditional lecture-based instruction tends to foster passive learning, leaving students' higher-order thinking skills—such as critical analysis, synthesis, and evaluation—underdeveloped (Barr & Tagg, 1995). Third, the integration of ideological and political education, a crucial component of China's higher education policy, often remains superficial, failing to resonate with students on a meaningful level (Li, 2021).

In response to these challenges, this paper proposes a comprehensive pedagogical reform framework for the course of "International Finance" , whose core proposition is that the deep integration of artificial intelligence (AI) technologies can serve as a catalyst for addressing these issues. By embedding AI into the instructional process, the course can transform from a teacher-centered knowledge-delivery system to a student-centered environment that fosters active inquiry, data-driven decision-making, and the internalization of core values. This reform is grounded in the theoretical framework of "internal equilibrium and external balance" developed by Professor Jiang Boke, which provides a coherent analytical lens for understanding the operational logic of China's open economy. This paper aims to articulate the theoretical underpinnings, practical measures, and anticipated outcomes of this innovative pedagogical model.

2. Literature Review

The call for pedagogical innovation in finance education is well established. Critiques of traditional lecture-based models highlight their limitations in developing students' practical problem-solving abilities and critical thinking (Mintzberg, 2004). In response, active learning methodologies, such as case-based teaching, simulations, and problem-based learning, have been widely adopted to enhance student engagement and application skills (Kolb, 1984; Prince, 2004). However, the effectiveness of these methods has often been constrained by the availability of real-time data, the complexity of analytical tools, and the difficulty in creating authentic, dynamic learning scenarios.

The emergence of AI offers a transformative potential to overcome these constraints.

AI can be conceptualized not merely as a tool for automation but as a "cognitive partner" that augments human analytical capabilities (Holmes et al., 2019). In educational contexts, AI can facilitate personalized learning paths, provide intelligent feedback, and automate complex data processing tasks, thereby freeing students to engage in higher-level cognitive activities such as interpretation, critique, and strategic decision-making (Zawacki-Richter et al., 2019). Within finance education, this translates into the ability to use AI for empirical model validation, risk simulation, and policy analysis, skills that are increasingly demanded in the "Intelligent Finance" era.

Concurrently, the "New Liberal Arts" movement in China provides a broader policy and philosophical context for this reform. It calls for a shift from compartmentalized disciplinary knowledge to interdisciplinary synthesis, the integration of digital technologies, and the strengthening of students' sense of social responsibility and cultural confidence (Ministry of Education, 2020). In finance education, this implies cultivating talents who possess not only strong technical expertise but also a profound understanding of the economic, political, and social dimensions of financial phenomena, grounded in the specific realities of China's development path.

This pedagogical design is built upon these foundations. The theoretical core of the course is Professor Jiang Boke's analytical framework of "internal equilibrium and external balance," as articulated in his seminal textbook, New International Finance (Jiang, 2018). This framework, which focuses on the fundamental policy dilemma facing any open economy—how to achieve domestic stability while maintaining external viability —provides an ideal theoretical anchor. Its emphasis on China's specific policy innovations in navigating this dilemma, making it a natural vehicle for integrating values education with rigorous theoretical and empirical analysis. By combining this framework with AI-enabled active learning strategies, this paper explores the path of how to cultivate the next generation of finance professionals who are both technically proficient and ethically grounded.

3. Pedagogical: One Core, Two Wings, and Three-stage Progression

To operationalize the theoretical principles, this paper proposes the "One Core, Two Wings, and Three-Stage Progression" pedagogical model. This model serves as the structural blueprint for the course redesign, ensuring coherence and alignment across all instructional activities.

3.1. One Core: Theoretical Anchor

The course is anchored by Professor Jiang Boke's "internal equilibrium and external balance" framework. It provides students with a consistent and relevant perspectives through which to analyze China's open economy, moving beyond fragmented knowledge to a coherent understanding of the systemic interactions

between domestic and foreign sectors.

3.2. Two Wings: Driving Forces

The "core" is propelled by two mutually reinforcing forces.

- AI **Technology Empowerment:** AI is integrated as a core driver of learning. This wing transforms abstract theories into tangible, interactive, and verifiable explorations. Students use AI tools for data mining (e.g., using Python to visualize the trends of balance of payments), empirical model testing (e.g., validating Purchasing Power Parity), and immersive simulation (e.g., acting as governor of the People's Bank of China in a macroeconomic policy simulator). This process systematically develops students' digital literacy and quantitative decision-making capabilities.
- Embedded **Ideological and Political Education:** Values education is not treated as a separate module but is woven into the fabric of the curriculum. This wing uses AI-created scenarios to provide vivid contrast. For instance, when students in a simulation choose policy combinations that lead to a financial crisis, they are guided to reflect on the systemic consequences and to appreciate the rationale behind more prudent, context-sensitive approaches. Through comparative case studies, reflection on simulated decision consequences, and role-playing, students internalize key values such as the "Four Confidences," the importance of national financial security, and professional ethical principles.

3.3. Three-stage Progression: Implementation Path

The integration of the core and its driving forces is realized through a structured three-stage learning cycle.

The first stage is exploration and perception, which takes place before class. Students engage with AI tools to complete preparatory tasks. For example, before a class on exchange rate theories, they can use Python to plot historical exchange rate data. They arrive in class with a foundational understanding and a set of specific questions, transforming the classroom into a space for deepening, not initial exposure.

The second stage is collaboration and deepening, which takes place in class. The classroom is transformed into an active learning environment. The instructor acts as a facilitator, guiding students through collaborative activities such as virtual simulations, data interpretation workshops, and structured debates. Students work in teams to solve complex problems, such as formulating a policy response to a simulated capital flow shock, and in doing so, deepen their theoretical understanding and confront the value dimensions of their decisions in real-time.

The third stage is transfer and internalization, which takes place after class. Students engage in extended projects that require them to apply their integrated knowledge and skills to new, authentic scenarios. These projects, such as writing a

comprehensive research report or a policy recommendation memo, demand the synthesis of theoretical analysis, empirical evidence (often AI-generated), and value-based judgment, thereby solidifying learning and promoting its transfer beyond the immediate course context.

4. Implementation Strategies

The "One Core, Two Wings, and Three-Stage Progression" model is implemented through a series of strategic interventions in curriculum content, teaching activities, and assessment.

4.1. Restructuring Curriculum Content

The original textbook chapters are reconfigured into four thematic modules, each explicitly designed with integrated AI and ideological elements. For instance, the module on "Short-term Adjustment and Policy Theory" uses a macroeconomic simulation platform where students, acting as policymakers, must navigate an AI-generated crisis scenario. The simulation is designed to contrast the consequences of "Western textbook" policy prescriptions with more nuanced, "Chinese-style" approaches. This design allows students to empirically observe the potential risks of one-size-fits-all policies, thereby fostering a reasoned appreciation for context-specific policy innovation.

4.2. Implementing AI-enhanced Teaching Activities

Three core teaching activities are designed to operationalize the model.

The first is data exploration missions. In the exchange rate module, students work in groups to test the validity of Purchasing Power Parity (PPP) using real-world data. They use Python to scrape "Big Mac Index" data and official exchange rates, visualize the deviations, and then debate the reasons for the theory's limitations. This activity shifts students from being passive recipients of theory to active investigators, cultivating essential data literacy and critical thinking.

The second is **virtual simulation for macroeconomic decision-making.** In the core module on policy adjustment, students use a custom-built simulation platform. Each student group acts as a committee of the People's Bank of China, making decisions on interest rates, reserve requirements, and capital account management in response to dynamic internal and external shocks. The platform provides immediate feedback, generating graphs of simulated GDP growth, inflation, and exchange rates. The emotional impact of a "simulated crisis" resulting from poor policy choices creates a powerful, memorable learning experience that deeply reinforces the stakes involved in real-world macroeconomic management.

The third is AI-assisted **debates and negotiations.** In modules concerning global governance and policy coordination, students engage in structured debates and simulated international negotiations. They use AI tools like large language models to

rapidly synthesize information, generate evidence-based arguments, and anticipate counter-arguments. This approach not only sharpens their analytical and communication skills but also, through role-playing as representatives of different countries or institutions, fosters a nuanced understanding of diverse perspectives and the complexities of international cooperation.

4.3. Constructing an Intelligent Assessment System

To accurately measure the multifaceted learning outcomes, the assessment system is redesigned to prioritize process and higher-order competencies over rote memorization. The final grade is composed of process-based assessment (50%) and summative assessment (50%). Process-based assessment focuses on the learning journey. We will take virtual simulation decision reports, classroom participation and collaboration, and research reports into comprehensive consideration. Summative assessment is redesigned to replace simple factual recall questions with a comprehensive, scenario-based case study, which demands the integration of knowledge, AI application, critical thinking, and the demonstration of a value-based analytical stance.

5. Anticipated Outcomes

The implementation of this pedagogical model is expected to generate significant improvements across multiple dimensions.

5.1. Student Development

The primary goal is the transformation of students from passive learners into active, self-regulated learners. It is anticipated that student work products, such as research reports, will show a qualitative shift from simple literature reviews to comprehensive analyses that integrate empirical data, theoretical critique, and value-based reflection. Students are expected to become more proficient in using AI tools for analytical purposes, and their participation in class debates should reflect a greater ability to employ professional terminology and to construct arguments based on evidence and ethical considerations. Furthermore, the model aims to facilitate the internalization of core values, through students' analysis and decision-making, a genuine understanding of concepts like "coordinated development and security" and a reasoned commitment to a path of financial development suited to China's national conditions.

5.2. Faculty Development

For faculty, this model represents a shift in professional identity. The faculty transitions from being the primary source of information to a designer of learning environments and a facilitator of student inquiry. The process of developing and implementing AI-enhanced activities necessitates that faculty themselves acquire

new digital competencies, including proficiency in data analysis tools and an understanding of the pedagogical affordances and limitations of AI. Moreover, the dynamic nature of the new classroom environment, where students bring their own data analyses and critical questions, provides a rich source of research questions for the faculty, potentially leading to a more productive synergy between teaching and scholarly research.

5.3. Course and Resource Development

The implementation of this model will result in the creation of a sustainable, scalable course resource package. This package will include reusable teaching materials such as an AI prompt library, a collection of Python code templates for financial data analysis, and a repository of case studies and simulation scenarios. This resource package will not only support the ongoing operation of this course but also serve as a model for the intelligent transformation of other courses within the finance and economics curriculum, contributing to a systemic upgrade of the program's pedagogical infrastructure.

6. Conclusion

This paper has presented a comprehensive pedagogical model for the "International Finance" course, designed to address the critical challenges of theory-practice disconnection, underdeveloped critical thinking, and superficial values integration. The "One Core, Two Wings, and Three-Stage Progression" model, grounded in a robust theoretical framework and enabled by AI technologies, offers a systematic pathway for transforming the course into a carrier for cultivating higher-order competencies talents. By restructuring content, implementing active and AI-enhanced teaching strategies, and redesigning assessment, the model aims to produce graduates who are not only technically proficient but also critical thinkers, ethical practitioners, and responsible citizens. The anticipated outcomes extend to faculty development and the creation of a replicable curriculum resource, positioning this reform as a significant contribution to the ongoing evolution of finance education in the context of the "New Liberal Arts" and the intelligent economy.

Acknowledgements

Qian Wu acknowledges financial support from the model course project for curriculum-based ideological and political education of Anhui University of Finance and Economics (ackcszk2025005), and the general teaching research project of Anhui University of Finance and Economics (acjyyb2023054).

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