

FI355 INTERNATIONAL FINANCE
IES Abroad London

DESCRIPTION:

A study of 'international' finance is essential given the high degree of integration and globalisation of the world economy. Further liberalisation of international trade, investment and rapid advances in telecommunication and transportation technologies will ensure the continuation of this process. The material covered in this course introduces the students to the international monetary system and balance of payments, the foreign exchange market, international capital markets and institutions, management of foreign exchange and political risks, financial management of the multinational firm, and covers recent developments in international capital markets and the world economy. Students will examine the barriers to international capital flows and study the various financial techniques developed to overcome these barriers. The focus of the course is 'global' in nature and closely follows current developments on the world economic stage. It places a strong emphasis on 'connecting the dots' between theory and practice and requires the students to develop an understanding of current international financial and economic events. In light of current developments in the UK, a special attention will be given to Brexit and its ramifications and potential impact on international finance flows, institutions and trade.

CREDITS: 4 credits

CONTACT HOURS: 45 hours

LANGUAGE OF INSTRUCTION: English

INSTRUCTOR: Instructor Name

PREREQUISITES: None

ADDITIONAL COST: None

METHOD OF PRESENTATION:

The course is presented in a seminar format and involves a combination of lectures, class discussions and student presentations. Current global events in international finance are integrated into the weekly discussions. Students will work on a case study, which integrates any one of the theoretical topics covered in this course with recent event in international finance. The background research and evaluation of data in the context of the underlying theory will enable the student to develop a better understanding of the selected topic.

REQUIRED WORK AND FORM OF ASSESSMENT:

- Class Participation - 10% Students' contributions should reflect coverage of the reading and thinking about relevant topical issues. The style of the discussion in class will be informal and participative. Students are encouraged to give presentations in topics they are familiar with or topics they would like to research and examine more closely.
- Midterm Exam - 20% The mid-term test covers topics examined from week 1 to week 6. The test usually takes the form of multiple-choice questions and lasts for a duration of two hours
- Final Exam - 30% The final exam covers the entire syllabus (i.e. from week 1 to week 12). Students are encouraged to study the weekly essential reading. The final exam is based on a multiple-choice questions format and last for a duration of two and half hours.
- Research Paper - 40% Students will work in small groups on the research paper. Each group should identify one theoretical topic from the course outline and conduct research to gather data on a recent (or historic) event in international finance or the global economy. Useful sources for the research will include mainly academic papers/journals articles and relevant books. The objective of this coursework is to evaluate the data and to analyze and discuss the case study in the context of the underlying theoretical discussion. The final paper will be due in the last class in Week 12. The word limit for this essay is 3,500 words (+/- 10%).

LEARNING OUTCOMES:

By the end of the course, students will be able to:

- The students will gain a broad understanding of the key issues in international finance and their relationship with the globalised world economy. Students will be able to identify the appropriate theoretical discussions and to evaluate their applications in the ‘real world’. The required coursework involves a deeper study into any one of the theoretical topics covered in the course and researching into relevant current global financial or economic events. This case study will enable the student to demonstrate their ability to evaluate and analyze current topics in international finance in the context of the relevant theoretical material.

ATTENDANCE POLICY:

Regular class attendance is mandatory. Irregular attendance may result in a lower grade in the course, and/or disciplinary action. The IES Abroad London class attendance policy does not allow for unexcused absences, and grades will be docked one-half letter grade for each such absence. Rare exceptions will be made for the following reasons:

- The student is too sick to attend class. In this instance, the student must call the IES Abroad Centre before class to notify any of the IES Abroad staff. It is not sufficient either to email, send a message with a friend or call the Centre after the class has started.
- A serious illness or death in the immediate family requiring a student to travel home. This requires written approval from the Centre Director before departure.

Arriving more than 10 minutes late to class may count as an unexcused absence. Immigration laws in the UK are extremely strict, and we jeopardize our legal status in hosting students who do not regularly attend class. Students who do not attend class regularly will be reported to the appropriate officials and risk dismissal from the program and deportation from the UK. If a student incurs absences representing 25% of the total class hours, they will be contacted by the Academic Programme Manager (APM) and Centre Director (CD). If these absences are made up exclusively of unexcused non-attendance, this will trigger a disciplinary review. If these absences are made up of excused non-attendance, a meeting will be held to discuss the underlying reasons for lack of attendance, and to discuss ways it can be maintained for the duration of the term. If the 25% threshold is reached due to a mixture of excused and unexcused absences, students will also be asked to attend a meeting to discuss.

CONTENT:

Week	Content	Assignments
<p>Week 1</p>	<p>Introduction to International Finance</p> <ul style="list-style-type: none"> • Introductions, student interests, relevant prior coursework & experience • Course map, format, required work and assessment • Term project guidelines: see detailed guidelines. • Weekly class format, resources, reading & class discussion assignments 	<ul style="list-style-type: none"> • Foundations of International Finance (Ch.1). [Please note that all chapter references in this syllabus refer to the required textbook – International Finance, by Eun, Resnick & Sabherwal].

Week	Content	Assignments
Week 2	<p>International Monetary System and Balance of Payments</p> <ul style="list-style-type: none"> • Historical Perspectives of International Monetary System • Flexible Exchange Rate Regime • Euro and European Monetary System • Review of past currency crises • Overview of Balance of Payments 	<ul style="list-style-type: none"> • Ch. 2 & 3
Week 3	<p>Foreign Exchange Market & Exchange Rate Determination – part 1</p> <ul style="list-style-type: none"> • Function & structure of the foreign exchange market • International finance in practice: market mechanics • Spot and forward markets • Interest rate parity 	<ul style="list-style-type: none"> • Ch. 4 & 5
Week 4	<p>Foreign Exchange Markets & Exchange Rate Determination – part 2</p> <ul style="list-style-type: none"> • Interest rate parity (contd) • Forecasting exchange rates • Foreign exchange futures & options 	<ul style="list-style-type: none"> • Ch. 4 & 5
Week 5	<p>Week 5 International Capital Markets & Institutions Part 1 & Project Update</p> <ul style="list-style-type: none"> • Project update I: Students will provide update on their research projects. The purpose of this update is to ensure that the students are making progress - Literature review first draft to be completed • International Banking and Money Markets • International Bond Markets 	<ul style="list-style-type: none"> • Ch. 7, 8, 9
Week 6	<p>International Capital Markets & Institutions Part 2 & Mid-term Test</p> <ul style="list-style-type: none"> • International Bond Markets (contd.) • International Equity Markets <p><i>Note: There will be no class next week due to the mid- term exams & break.</i></p>	<ul style="list-style-type: none"> • Ch. 8 & 9

Week	Content	Assignments
Week 7	International Portfolio Investment <ul style="list-style-type: none"> • International diversification and portfolio risk reduction • Evaluation of risks and opportunities • Impact of changing exchange rates 	<ul style="list-style-type: none"> • Ch.11
Week 8	Financial Management of Multinational Firm – part 1 & Project Update <ul style="list-style-type: none"> • Management of economic, transaction & translation exposure • Key issues in exposure management • Review of exposure management strategies • Students will provide second status update on their final essay and project. <p><i>By this stage, all research should have been completed and the students should have begun writing up their first drafts.</i></p>	<ul style="list-style-type: none"> • Ch. 12, 13 & 14
Week 9	Financial Management of Multinational Firm – part 2 <ul style="list-style-type: none"> • Foreign direct investment (FDI) • Theory and practice of FDI • Multinational cash management 	<ul style="list-style-type: none"> • Ch. 15 & 18
Week 10	International Trade & Taxation <ul style="list-style-type: none"> • Exports & Import • Review of international tax environment: key issues • Theory vs. Practice • Review of international corporate governance 	<ul style="list-style-type: none"> • Ch. 19, 20, 21
Week 11	Current Topics & Review Session <ul style="list-style-type: none"> • Course review & numerical problems. • Discussion of current topics in international finance. 	Assignment(s) and/or Reading(s)

Week	Content	Assignments
Week 12	<p>Coursework Submission Deadline & Review Session</p> <ul style="list-style-type: none"> Final essay submission deadline Course review. We will go over selected numerical problems covered during the course. <p><i>Final Exams will be held in Week 13 – IES Abroad Administration will announce the exam dates.</i></p>	Assignment(s) and/or Reading(s)

COURSE-RELATED TRIPS:

- List of course-related trips. The terms “field studies” and “field trip” have been substituted by “course-related trips”. All these references should be changed to “course-related trips”

REQUIRED READINGS:

- International Finance, Eun, Choel S., Resnick, Bruce G., Sabherwal, Sanjiv (6th Global edition, 2011).

RECOMMENDED READINGS:

Additional readings will be posted on a weekly basis on Moodle and will consist of relevant topical articles from journals and newspapers. Students are expected to review this material weekly to prepare for class discussions.

INSTRUCTOR BIOGRAPHY:

Brief biography of the faculty.