

FIN 571 – 01W
International Business Finance
Summer II 2015

Instructor: Dr. Celine Hoe
Classroom: Online
Office: BA 102E
Phone: 903-886-5680
E-mail: Celine.Hoe@tamuc.edu
Office Hours: TBA

I. Course Description

The scope and content of international finance have been fast evolving due to the deregulation of financial markets, product innovations, and technological advancements. As capital markets of the world are becoming more integrated, a solid understanding of international finance has become essential for effective corporate decision making and risk management. We will study three major areas that set international financial management apart from domestic corporate finance, namely, (i) foreign exchange and political risks, (ii) market imperfections, and (iii) expanded opportunity set. Students will be introduced to international finance by means of looking at how firms and governments inter-react with these markets. The course will emphasize the link between theory and applications.

II. Prerequisite

FIN 504, Financial Management, or consent of instructor.

III. Course Objectives

Upon the successful completion of International Business Finance, students should be able to perform the following tasks:

1. Demonstrate an understanding of mechanism and functions of the international financial environment.
2. Demonstrate an understanding of exchange rate behavior and the equilibrium theories.
3. Demonstrate an understanding of concepts and tools of exchange rate risk management for a multinational enterprise.
4. Demonstrate an understanding and show ability to measure financial decisions in a risk/return environment as related to global business.

IV. Required Course Materials

1. International Financial Management, 11th edition, Jeff Madura, South-Western Cengage Learning (ISBN: 0-538-48296-6)
2. Financial Calculator: Texas Instruments BAII Plus calculator or comparable (not alpha programmable). For free guidebook/reference of TI BAII+, see: http://education.ti.com/guidebooks/financial/baiipluspro/BAIPLUSPROGuidebook_EN.pdf or http://movies.atomiclearning.com/k12/ti_ba2/

V. Recommended Reading

Wall Street Journal, Financial Times, The Economist

VI. Policies and Procedures

The class will be conducted in an online format. You will have access to a recorded review session, which goes over the main topics of the chapter covered in PowerPoint Lectures along with some questions that are available in DocSharing. I will hold electronic office hours via Class Live Pro on Thursdays evenings at 6:00 pm (lasting up to one hour) BY APPOINTMENT/REQUEST. Please note that unless I have received a request for such a meeting, I will not automatically be available online at that time. You may also e-mail me your questions, and I will respond within 24 hours during regular business hours on weekdays.

Email Use

The best way to communicate with me outside of class is by email. You should expect a response to your emails within 24 hours during regular business hours on weekdays. You have to send emails from your myLeo accounts.

Exams

There will be three exams, including two midterm exams and a mandatory final exam.

There will be no makeup exams. If you have to miss an exam because of an excusable and verifiable reason, you must contact me before the exam. Failing to do so or failing to provide documentation of the reason for absence from a medical doctor or TAMU-Commerce official will result in a grade of zero on the exam. **If I were to excuse you from an interim exam, the weight of the missed exam will be added to the weight of the final exam. Regardless of the excuse, if you miss two exams you will automatically fail the class.**

Please mark exam dates on your calendar. “Forgetting”, being “out of town” and/or “confused” about the time that an exam must be taken is not an acceptable excuse for missing it. All exams are timed exams and to be taken on eCollege.

Individual Term Paper

During the semester, you need to stay informed on current developments that are relevant to international finance and financial institutions. You will have to write a ten-page paper on an important topic about current news items dealing with international financial developments. Your paper should clearly identify the problem/issue that you intend to study. You will have to provide a thorough analysis of your chosen topic including your own recommendations/critiques based on your study of international business finance. **The written report is to be typed using a 12-point font; the pages should be numbered and have 1-inch margins on all sides. It should be double-spaced and should not exceed 10 pages (including references). An unexcused late assignment will not be accepted and a zero grade will be assigned.**

Homework

End of chapter questions & problems and other questions & problems will be assigned as homework. **You do not have to submit the solutions.** To enhance learning, you should devote some time to these assignments. Some (but not all) of the problems on the exams will be similar to the problems in these homework assignments.

Solutions to homework problems will be available in DocSharing.

Grading

No assignment for extra credit will be given to any individual student. For grading purposes, the following weights will be assigned:

Term Paper	12%
Mid-term Examination I	26%
Mid-term Examination II	26%
Final Examination	36%

and letter grades applied as follows:

90 – 100	A
80 - 89.99	B
70 - 79.99	C
60 - 69.99	D
0 - 59.99	F

Below are guidelines that help to explain how student work is evaluated:

Criteria (Course Objectives)	1 (Unsatisfactory)	2 (Emerging)	3 (Proficient)	4 (Exemplary)
Demonstrate an understanding of mechanism and functions of the international financial environment.	Student cannot demonstrate an understanding of any of mechanism and functions of the international financial environment.	Student can demonstrate an understanding of some of mechanism and functions of the international financial environment.	Student can demonstrate an understanding of most of mechanism and functions of the international financial environment.	Student can demonstrate an understanding of all of mechanism and functions of the international financial environment.
Demonstrate an understanding of exchange rate behavior and the equilibrium theories.	Student cannot demonstrate an understanding of exchange rate behavior or the equilibrium theories.	Student can demonstrate an understanding of exchange rate behavior but none of the equilibrium theories.	Student can demonstrate an understanding of exchange rate behavior and some of the equilibrium theories.	Student can demonstrate an understanding of exchange rate behavior and all of the equilibrium theories, and can identify arbitrage opportunities.
Demonstrate an understanding of concepts and tools of exchange rate risk management for a multinational enterprise.	Student cannot demonstrate an understanding of concepts and tools of exchange rate risk management for a multinational enterprise.	Student can demonstrate an understanding of some of the concepts and tools of exchange rate risk management for a multinational enterprise.	Student can demonstrate an understanding of all of the concepts and tools of exchange rate risk management for a multinational enterprise.	Student can demonstrate an understanding of all of the concepts and tools of exchange rate risk management for a multinational enterprise and display application ability.
Demonstrate an understanding and show ability to measure financial decisions in a risk/return environment as related to global business.	Student cannot demonstrate an understanding of these processes or their measurement.	Student can demonstrate an understanding of these processes but not their measurement.	Student can demonstrate an understanding of some of these processes and their measurement.	Student can demonstrate an understanding of all of these processes and their measurement and display application ability.

VII. Progression of Course

This agenda is subject to change. The exact timing of lectures and content of exams will depend on the flow of the course. I EXPECT ALL STUDENTS TO HAVE READ ALL ASSIGNED MATERIAL BEFORE CLASS.

Theme: The International Financial Environment

Week 1, July 13

- Chapter 1 – Multinational Financial Management
- Chapter 2 – International Flow of Funds
- Chapter 3 – International Financial Markets
- Chapter 4 – Exchange Rate Determination - I

Theme: The International Financial Environment & Exchange Rate Behavior

Week 2, July 20

- Chapter 4 – Exchange Rate Determination - II
- Chapter 5 – Currency Derivatives; **Extra Readings Assigned**
- Chapter 6 – Government Influence on Exchange Rates; **Extra Readings Assigned**
- Chapter 7 – International Arbitrage and Interest Rate Parity
- Mid-term Exam I: Ch 1 – 4 (8:00 a.m., July 25 to 11:59 p.m., July 26, CDT)**

Theme: Exchange Rate Behavior & Exchange Rate Risk Management

Week 3, July 27

- Chapter 8 – Relations among Inflation, Interest Rates and Exchange Rates
- Chapter 10 – Measuring Exposure to Exchange Rate Fluctuations
- Chapter 11 – Managing Transaction Exposure; **Extra Readings Assigned**
- Mid-term Exam II: Ch 5 – 8 (8:00 a.m., August 1 to 11:59 p.m., August 2, CDT)**

Theme: Exchange Rate Risk Management & Long-Term Asset and Liability Management

Week 4, August 3

- Chapter 12 – Managing Economic Exposure and Translation Exposure; **Extra Readings Assigned**
- Chapter 13 & 16 – Direct Foreign Investment & Country Risk Analysis; **Extra Readings Assigned**
- Chapter 17 – Multinational Capital Structure and Cost of Capital - I
- Individual Term Paper Due at 11:59 p.m., August 4, CDT through eCollege DropBox**

Week 5, August 10

- Chapter 17 – Multinational Capital Structure and Cost of Capital - II
- Review
- Final Exam: Ch10, 11, 12, 13, 16 & 17 Plus IRP, PPP, IFE, Covered Interest Arbitrage and Triangular Arbitrage Covered in Exam 2 (8:00 a.m., August 12 to 11:59 p.m., August 13, CDT)**

VIII. Other Information

- ◆ SINCE this is an online course, you need to follow your school emails very regularly. You will have regular announcements and uploads.
- ◆ You shall start studying early in the course, well before the test/exam, to give yourself a head start in learning the material. When you don't understand course material, ask questions either in class, during office hours or by email. You will not get good grades if you wait until a week or couple of days before the test/exam to start studying.

Syllabus Addendum

Academic Integrity/Ethics:

Integrity will be stressed throughout the course. Refer to Student's Guide Book located at for the University policy on academic honesty:

www.tamu-commerce.edu/studentlife/guidebook.htm

All students enrolled at the University shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment.

You are expected to maintain high standards of integrity and honesty while pursuing your academic goal(s). The university's statement on academic honesty is found in the Texas A&M University-Commerce Procedures, A13.12, Academic Honesty. Academic dishonesty is defined in the following manner:

"Academic dishonesty includes, but is not limited to, plagiarism (the appropriation or stealing of the ideas or words of another and passing them off as one's own), cheating on exams or other course assignments, collusion (the unauthorized collaboration with others in preparing course assignments), and abuse (destruction, defacing, or removal of resource material.)"

Your grade is to reflect your work alone, and likewise, your classmates' grades are to reflect their work alone, and not yours.

Students found to have committed academic dishonesty will automatically receive a failing grade for the course and will be referred to Dean of the College of Business for possible expulsion from the program. All students enrolled in this course are required to sign and submit an Academic Honesty Policy form during the first week of the course.

Nondiscrimination Statement:

A&M-Commerce will comply in the classroom, and in online courses, with all federal and state laws prohibiting discrimination and related retaliation on the basis of race, color, religion, sex, national origin, disability, age, genetic information or veteran status. Further, an environment free from discrimination on the basis of sexual orientation, gender identity, or gender expression will be maintained.

Students with Disabilities:

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a disability requiring an accommodation, please contact:

Office of Student Disability Resources and Services

Texas A&M University-Commerce

Gee Library

Room 132

Phone (903) 886-5150 or (903) 886-5835

Fax (903) 468-8148

StudentDisabilityServices@tamuc.edu

Attendance Policy:

Students are expected to attend each class and students are expected to come to each class with their assignments completed. Students who must miss a class are responsible for securing any and all assignments for coursework missed.

Drop Policy:

See University drop policy.