

FIN 471 – 81E
International Business Finance
Fall 2015

Instructor: Dr. Celine Hoe
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Office Hours: Monday 1:00 p.m. – 5:00 p.m. (Commerce Campus)
Tuesday & Wednesday 5:30 p.m. – 6:00 p.m. (UCD)

I. Course Description

This course provides an introduction to financial management of international corporations. The course prepares students for the fundamental knowledge of international business finance, including such topics as the international monetary system, balance of payments, foreign exchange markets, international parity conditions, foreign exchange exposure and management, foreign direct investment, international venture capital and entrepreneurship, global financing, and international cost of capital and capital budgeting. The course will emphasize the link between theory and applications.

II. Prerequisite

FIN 304, Financial Management, or consent of instructor.

III. Course Objectives

This course has been selected as a Global Course – tied to the Quality Enhancement Plan (QEP). Texas A&M University-Commerce QEP seeks to prepare students for an interconnected world. In relation to the QEP, students completing this course will be able to demonstrate knowledge of the interconnectedness of global dynamics (issues, trends, processes, and systems). The short report in this course will be utilized to assess the QEP student learning outcomes for each student. Students are responsible to upload a copy of the project to their ePortfolio in ManeSync.

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 student is responsible for all material covered and all information disseminated when he/she misses a class or arrives late.

Attendance

Daily attendance will be taken. Students are allowed to miss classes without penalty only for legitimate and verifiable reasons. You have to contact me before the class meeting time. Any other absences will deduct 1 point of your final grade (See the Grading Section).

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.

Short Report

You will have to write a short report about current news items dealing with international financial developments. These can be based on clippings from newspapers, magazines, newsletters, or professional journals. Your written report should summarize the news item and then relate it to some concept, practice, or problem in international finance and management, including your own observations on its implications. **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 4 pages (including references). An unexcused late assignment will not be accepted and a zero grade will be assigned.**

1. Your selection of an appropriate article will constitute a portion of your grade. The article should be current news items dealing with international financial developments. The article should be from a credible source, and should be cited in a recognized format (APA, MLA, Turabian, etc). Make sure to include the url as part of the citation.
2. The first paragraph should summarize and explain the issue discussed in the article.
3. The second paragraph will discuss the chosen issue/event impacted by the techniques and knowledge learned from international financial management. Consider multiple factors as you discuss the nature of global interdependence from a financial management perspective. You should follow the citation guideline stated in (1) if you use any information from other sources.
4. The third paragraph should discuss the global implications on any of the various people groups who are or will be impacted by of the issue/event chosen.

Following table summarizes the grading rubric for the short report:

Criteria	1 (Unsatisfactory)	2 (Emerging)	3 (Proficient)	4 (Exemplary)
Article Selection	The article is not from a credible source and does not fit the requirements.	The article is from a credible source, but does not fit the requirements.	The article is from a credible source, and fits the requirements.	The article is from a credible source, fits the requirements, and covers a broad aspect of international financial development.

Citation	Failed to cite the article	Only pasted the url	Cited the article, but not using accepted format	Correct citation
Application of techniques/Knowledge	Student cannot identify any of the techniques and knowledge learned from the course affecting the issue/event studied.	Student can identify some of the techniques and knowledge learned from the course affecting the issue/event studied, but cannot demonstrate a clear impact.	Student can identify some of the techniques and knowledge learned from the course affecting the issue/event studied, and demonstrate a clear impact.	Student can identify all of the techniques and knowledge learned from the course affecting the issue/event studied, and demonstrate a clear impact.
Global Implications	Student does not discuss/understand global implications and interdependence of any of the various people groups impacted.	Student attempts to discuss global implications and interdependence of any of the various people groups impacted, but some confusion is apparent.	Student discusses global implications and interdependence of any of the various people groups impacted, and presents a basic level of analysis using techniques and knowledge learned through the course.	Student discusses global implications and interdependence of any of the various people groups impacted, and presents a thorough analysis using techniques and knowledge learned through the course.

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.

Grading

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

Class Attendance/Participation	6%
Short Report	9%
Mid-term examination I	26%
Mid-term examination II	26%
Final examination	33%

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, September 1
Chapter 1 – Multinational Financial Management

Week 2, September 8
Chapter 2 – International Flow of Funds

Week 3, September 15
Chapter 3 – International Financial Markets

Week 4, September 22
Chapter 4 – Exchange Rate Determination
Review

Week 5, September 29
Exam 1: Ch 1, 2, 3, 4 (Class Meeting Time)

Week 6, October 6
Chapter 5 – Currency Derivatives
Chapter 6 – Government Influence on Exchange Rates

Theme: Exchange Rate Behavior

Week 7, October 13

Chapter 6 – Government Influence on Exchange Rates

Chapter 7 – International Arbitrage and Interest Rate Parity

Week 8, October 20

Chapter 7 – International Arbitrage and Interest Rate Parity

Chapter 8 – Relations among Inflation, Interest Rates and Exchange Rates

Week 9, October 27

Chapter 8 – Relations among Inflation, Interest Rates and Exchange Rates

Review

Week 10, November 3

Exam 2: Ch 5, 6, 7, 8 (Class Meeting Time; In-Class Exam)

Theme: Exchange Rate Risk Management

Week 11, November 10

Chapter 10 – Measuring Exposure to Exchange Rate Fluctuations

Week 12, November 17

Chapter 11 – Managing Transaction Exposure

Chapter 12 – Managing Economic Exposure and Translation Exposure

Week 13, November 24

Chapter 12 – Managing Economic Exposure and Translation Exposure

Short Report Due Through eCollege by 11:59PM, November 29

Theme: Long-Term Asset and Liability Management

Week 14, December 1

Chapter 13 & 16 – Direct Foreign Investment & Country Risk Analysis

Chapter 17 – Multinational Capital Structure and Cost of Capital

Week 15, December 8

Chapter 17 – Multinational Capital Structure and Cost of Capital

Review

Presentations

Week 16, December 15

**Final Examination – Ch10, 11, 12, 13, 16 & 17 Plus IRP (including Covered Interest Arbitrage),
, PPP, IFE, Covered Interest Arbitrage and Triangular Arbitrage Covered in Exam 2 (Class
Meeting Time; In-Class Exam)**

VIII. Other Information

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 and Technology 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.