

FIN 571 – 01W
International Business Finance
Fall 2024

Instructor: Dr. Celine Hoe

Classroom: Online

Office: BA 320

Office Hours: Tuesdays 10:30 AM ~ 1:30 PM (Virtual*), Thursdays 12:00 PM ~ 2:00 PM (In Person), by Appointment

*Virtual Office Hour Zoom Link:

<https://tamuc.zoom.us/j/97718555985?pwd=4yxN4mQTLyfpSenISP9MgglrfZ49s.1>

E-mail: Celine.Hoe@tamuc.edu

Preferred Form of Communication: **Email**

All emails must contain “FIN 571 01W” in the subject line to be treated as high priority and be sent from your myLeo accounts. The syllabus is tentative and subject to change as the semester progresses. It is the students’ responsibility to check school emails, and announcements as well as updates on D2L frequently. YOU ARE RESPONSIBLE FOR KEEPING UP IN THIS COURSE.

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.

Course Learning Objectives address COB Student Learning Objective 5: Students will be analytical problem solvers in business environments.

The syllabus/schedule are subject to change.

IV. Required Course Materials

1. International Financial Management, 12th edition, Jeff Madura, South-Western Cengage Learning (ISBN: 9781133947837)

2. Microsoft Excel

V. Recommended Reading

Wall Street Journal, Financial Times, The Economist

VI. Policies and Procedures

The class will be conducted in an online format. The class will be conducted in an online format. You will have access to PPT slides, recorded lectures and all other course materials through D2L. We will have live lectures (review & Q&A webinars) held via Zoom from 7:30 PM ~8:45 PM on Tuesdays. Attendance is optional and live sessions are recorded for you to watch at any time after it is completed. However, it is strongly recommended that you work through the recorded webinars as soon after the regularly scheduled session as possible, so you will not miss any important information disseminated. Class Progress will be checked from time to time to monitor your utilization of course materials provided.

Email Use

The best way to communicate with me outside of class is by email. **Please put your course number “FIN571 01W” in the subject. You should expect a response to your emails within 24 hours during regular business hours on weekdays and 48 hours during weekend. If you do not hear from me within that time frame, please resend your email. 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.

Case Projects

There will be two case projects. The first case assignment will cover applications of International Arbitrage, and the second case assignment will cover broad applications of Exchange Rate Parity on managing exchange rate risk encountered by a multinational corporation, including but not limited to the transaction exposure, the economic exposure and the translation exposure. Upon completion of application analyses, students will better understand the underpinnings of International Arbitrage and Exchange Rate Parity.

An unexcused late assignment will not be accepted and a zero grade will be assigned.

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You will be given opportunities to make corrections to get deducted points back after grading.

D2L Assignments

There will be assignments posted in D2L every week or every other week. They will be multiple choice questions with 3 attempts allowed for each assignment.

You will receive a notification email when each assignment is posted. You will complete each assignment through D2L by the due date. You will be given sufficient time to complete the assignment. The purpose of the assignments is to help you review the materials learned every week.

There would be no extension to the assignment deadline unless with official documents from a medical doctor or TAMU-Commerce official and such documents need to be provided before assignment answers are released.

Assigned End-of-Chapter Questions & Problems and Other Extra Practice Questions & Problems

There will be end of chapter questions & problems and other questions & problems assigned as homework. **You do not have to submit the solutions. Solutions to these homework problems will be available in D2L.** 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:

Participation (Discussion Forum)	4%
Case Assignment I	6%
Case Assignment II	12%
D2L Assignments	13%
Mid-term examination I	20%
Mid-term examination II	20%
Final examination	25%

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

- **Case Project, D2L Assignments, and Exams are used to assess Course Learning Objectives 1~4, addressing COB Student Learning Objective 5, Students will be analytical problem solvers in business environments.**

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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.

Theme: The International Financial Environment

Week 1, August 26

Chapter 1 – Multinational Financial Management

Week 2, September 2

Chapter 2 – International Flow of Funds

Week 3, September 9

Chapter 3 – International Financial Markets

Extra Readings Assigned:

1. Biger, Nahum, and John Hull. "The Valuation of Currency Options." *Financial Management* 12 (1983), pp. 24-28.
2. Grabbe, J. "The Pricing of Call and Put Options on Foreign Exchange." *Journal of International Money and Finance* 2 (1983), pp. 239-253.

Week 4, September 16

Chapter 3 – International Financial Markets; Part of Chapter 5 – Currency Derivatives

Chapter 4 – Exchange Rate Determination I

Theme: Exchange Rate Behavior

Week 5, September 23

Chapter 4 – Exchange Rate Determination II

Review for Mid-term Exam I

Mid-term Exam I: Ch 1 –3, Ch 4 Part I (8:00 a.m., September 28 to 11:59 p.m., September 30, 2024, CDT; Timed, One Attempt)

Week 6, September 30

Chapter 5 – Currency Derivatives (Remaining Parts)

Week 7, October 7

Chapter 7 – International Arbitrage and Interest Rate Parity

Case Assignment I Distributed by 11:59 PM, October 7, 2024, CDT

Week 8, October 14

Chapter 7 – International Arbitrage and Interest Rate Parity

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

Extra Readings Assigned:

1. Abuaf, N., and P. Jorion. "Purchasing Power Parity in the Long Run." *Journal of Finance* 45 (1990), pp. 157-174.
2. Aliber, R. "The Interest Rate Parity: A Reinterpretation." *Journal of Political Economy* (1973), pp. 1451-1459.
3. Du, Wenxin, Alexander Tepper, and Adrien Verdelhan. "Deviations from Covered Interest Rate Parity." *Journal of Finance* 73 (2018), pp. 915-957.

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4. Taylor, Alan, and Mark Taylor. "The Purchasing Power Parity Debate." *Journal of Economic Perspectives* 18 (2004), pp. 135-158.

Week 9, October 21

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

Chapter 6 – Government Influence on Exchange Rates

Case Assignment I Due by 11:59 PM, October 25, 2024, CDT

Case Assignment II Distributed by 11:59 PM, October 25, 2024, CDT

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

Week 10, October 28

Chapter 10 – Measuring Exposure to Exchange Rate Fluctuations – Transaction Exposure

Review for Mid-term Exam II

Mid-term Exam II: Ch 4 Part II, 5, 6, 7 & 8 (8:00 a.m., November 2 to 11:59 p.m., November 4, 2024, CDT/CST; Timed, One Attempt)

Extra Readings Assigned:

1. Allayannis, George, and Eli Ofek. "Exchange Rate Exposure, Hedging and the Use of Foreign Currency Derivatives." *Journal of International Money and Finance* 20 (2001), pp. 273-296.
2. Allayannis, G. and J. P. Weston, "The Use of Foreign Currency Derivatives and Firm Market Value." *Review of Financial Studies* 14 (2001), pp. 243-276.
3. Choi, Jongmoo, and Anita Prasad. "Exchange Rate Sensitivity and Its Determinants: A Firm and Industry Analysis of U.S. Multinationals." *Financial Management* 23 (1995), pp. 77-88.
4. Folks, William. "Decision Analysis for Exchange Risk Management." *Financial Management* 1 (1972), pp. 101-112.

Week 11, November 4

Chapter 11 – Managing Transaction Exposure

Week 12, November 11

Chapter 10 – Measuring Exposure to Exchange Rate Fluctuations –Economic Exposure and Translation Exposure

Chapter 12 – Managing Economic Exposure and Translation Exposure

Case Assignment II Due by 11:59 PM, November 15, 2024, CST

Week 13, November 18

Chapter 12 – Managing Economic Exposure and Translation Exposure

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

Week 14, November 25

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

Thanksgiving No Webinars

Week 15, December 2

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

Review for Final Exam

Week 16, December 8~ 10

Final Exam: Ch6, Ch10, 11, 12, 13 & 16 Plus IRP, PPP, IFE, Locational Arbitrage, Covered Interest Arbitrage and Triangular Arbitrage Covered in Exam 2 (8:00 a.m., December 8 to 11:59 p.m., December 10, 2024, CST; Timed, One Attempt)

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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.

TECHNOLOGY REQUIREMENTS

Browser support

D2L is committed to performing key application testing when new browser versions are released. New and updated functionality is also tested against the latest version of supported browsers. However, due to the frequency of some browser releases, D2L cannot guarantee that each browser version will perform as expected. If you encounter any issues with any of the browser versions listed in the tables below, contact D2L Support, who will determine the best course of action for resolution. Reported issues are prioritized by supported browsers and then maintenance browsers.

Supported browsers are the latest or most recent browser versions that are tested against new versions of D2L products. Customers can report problems and receive support for issues. For an optimal experience, D2L recommends using supported browsers with D2L products.

Maintenance browsers are older browser versions that are not tested extensively against new versions of D2L products. Customers can still report problems and receive support for critical issues; however, D2L does not guarantee all issues will be addressed. A maintenance browser becomes officially unsupported after one year.

Note the following:

- Ensure that your browser has JavaScript and Cookies enabled.
- For desktop systems, you must have Adobe Flash Player 10.1 or greater.
- The Brightspace Support features are now optimized for production environments when using the Google Chrome browser, Apple Safari browser, Microsoft Edge browser, Microsoft Internet Explorer browser, and Mozilla Firefox browsers.

Desktop Support

Browser	Supported Browser Version(s)	Maintenance Browser Version(s)
Microsoft® Edge	Latest	N/A
Microsoft® Internet Explorer®	N/A	11
Mozilla® Firefox®	Latest, ESR	N/A
Google® Chrome™	Latest	N/A
Apple® Safari®	Latest	N/A

Tablet and Mobile Support

Device	Operating System	Browser	Supported Browser Version(s)
Android™	Android 4.4+	Chrome	Latest
Apple	iOS®	Safari, Chrome	The current major version of iOS (the latest minor or point release of that major

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Device	Operating System	Browser	Supported Browser Version(s)
			version) and the previous major version of iOS (the latest minor or point release of that major version). For example, as of June 7, 2017, D2L supports iOS 10.3.2 and iOS 9.3.5, but not iOS 10.2.1, 9.0.2, or any other version. Chrome: Latest version for the iOS browser.
Windows	Windows 10	Edge, Chrome, Firefox	Latest of all browsers, and Firefox ESR.

- You will need regular access to a computer with a broadband Internet connection. The minimum computer requirements are:
 - 512 MB of RAM, 1 GB or more preferred
 - Broadband connection required courses are heavily video intensive
 - Video display capable of high-color 16-bit display 1024 x 768 or higher resolution
- You must have a:
 - Sound card, which is usually integrated into your desktop or laptop computer
 - Speakers or headphones.
 - *For courses utilizing video-conferencing tools and/or an online proctoring solution, a webcam and microphone are required.
- Both versions of Java (32 bit and 64 bit) must be installed and up to date on your machine. At a minimum Java 7, update 51, is required to support the learning management system. The most current version of Java can be downloaded at: [JAVA web site http://www.java.com/en/download/manual.jsp](http://www.java.com/en/download/manual.jsp)
- Current anti-virus software must be installed and kept up to date.

Running the browser check will ensure your internet browser is supported.

Pop-ups are allowed.

JavaScript is enabled.

Cookies are enabled.

- You will need some additional free software (plug-ins) for enhanced web browsing. Ensure that you download the free versions of the following software:
 - [Adobe Reader https://get.adobe.com/reader/](https://get.adobe.com/reader/)
 - [Adobe Flash Player \(version 17 or later\) https://get.adobe.com/flashplayer/](https://get.adobe.com/flashplayer/)
 - [Adobe Shockwave Player https://get.adobe.com/shockwave/](https://get.adobe.com/shockwave/)
 - [Apple Quick Time http://www.apple.com/quicktime/download/](http://www.apple.com/quicktime/download/)
- At a minimum, you must have Microsoft Office 2013, 2010, 2007 or Open Office. Microsoft Office is the standard office productivity software utilized by faculty, students, and staff. Microsoft Word is the standard word processing software, Microsoft Excel is the standard spreadsheet software, and Microsoft PowerPoint is the standard presentation software. Copying and pasting, along with attaching/uploading documents for assignment submission, will also be required. If you do not have Microsoft Office, you can check with the bookstore to see if they have any student copies.

ACCESS AND NAVIGATION

The syllabus/schedule are subject to change.

You will need your campus-wide ID (CWID) and password to log into the course. If you do not know your CWID or have forgotten your password, contact the Center for IT Excellence (CITE) at 903.468.6000 or helpdesk@tamuc.edu.

Note: Personal computer and internet connection problems do not excuse the requirement to complete all course work in a timely and satisfactory manner. Each student needs to have a backup method to deal with these inevitable problems. These methods might include the availability of a backup PC at home or work, the temporary use of a computer at a friend's home, the local library, office service companies, Starbucks, a TAMUC campus open computer lab, etc.

COMMUNICATION AND SUPPORT

Brightspace Support Need Help? Student Support

If you have any questions or are having difficulties with the course material, please contact your Instructor.

Technical Support

If you are having technical difficulty with any part of Brightspace, please contact Brightspace Technical Support at 1-877-325-7778 or click on the **Live Chat** on the words “click here” to submit an issue via email.



or click

System Maintenance

D2L runs monthly updates during the last week of the month, usually on Wednesday. The system should remain up during this time unless otherwise specified in an announcement. You may experience minimal impacts to performance and/or look and feel of the environment.

Interaction with Instructor Statement

Email is the preferred method of communication. The instructor will respond to emails within 24 hours during regular business hours on weekdays.

Syllabus Change Policy

The syllabus is a guide. Circumstances and events, such as student progress, may make it necessary for the instructor to modify the syllabus during the semester. Any changes made to the syllabus will be announced in advance.

University Specific Procedures Student Conduct

All students enrolled at the University shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment. The Code of Student Conduct is described in detail in the [Student Guidebook](#).
<http://www.tamuc.edu/Admissions/oneStopShop/undergraduateAdmissions/studentGuidebook.aspx>

Students should also consult the Rules of Netiquette for more information regarding how to interact with students in an online forum: [Netiquette http://www.albion.com/netiquette/corerules.html](http://www.albion.com/netiquette/corerules.html)

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TAMUC Attendance

For more information about the attendance policy please visit the [Attendance](#) webpage and [Procedure 13.99.99.R0.01](#).

<http://www.tamuc.edu/admissions/registrar/generalInformation/attendance.aspx>

<http://www.tamuc.edu/aboutUs/policiesProceduresStandardsStatements/rulesProcedures/13students/academic/13.99.99.R0.01.pdf>

Academic Integrity

Students at Texas A&M University-Commerce are expected to maintain high standards of integrity and honesty in all of their scholastic work. For more details and the definition of academic dishonesty see the following procedures:

[Undergraduate Academic Dishonesty 13.99.99.R0.03](#)

<http://www.tamuc.edu/aboutUs/policiesProceduresStandardsStatements/rulesProcedures/13students/undergraduates/13.99.99.R0.03UndergraduateAcademicDishonesty.pdf>

[Graduate Student Academic Dishonesty 13.99.99.R0.10](#)

<http://www.tamuc.edu/aboutUs/policiesProceduresStandardsStatements/rulesProcedures/13students/graduate/13.99.99.R0.10GraduateStudentAcademicDishonesty.pdf>

ADA Statement

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 Library- Room 162

Phone (903) 886-5930

Fax (903) 468-8148

Email: StudentDisabilityServices@tamuc.edu

Website: <http://inside.tamuc.edu/campuslife/campusServices/StudentDisabilityServices/default.aspx>

Nondiscrimination Notice

Texas A&M University-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.

Campus Concealed Carry Statement

Texas Senate Bill - 11 (Government Code 411.2031, et al.) authorizes the carrying of a concealed handgun in Texas A&M University-Commerce buildings only by persons who have been issued and are in possession of a Texas

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License to Carry a Handgun. Qualified law enforcement officers or those who are otherwise authorized to carry a concealed handgun in the State of Texas are also permitted to do so. Pursuant to Penal Code (PC) 46.035 and A&M-Commerce Rule 34.06.02.R1, license holders may not carry a concealed handgun in restricted locations.

For a list of locations, please refer to the [Carrying Concealed Handguns On Campus](#) document and/or consult your event organizer.

Web url:

<http://www.tamuc.edu/aboutUs/policiesProceduresStandardsStatements/rulesProcedures/34SafetyOfEmployeesAndStudents/34.06.02.R1.pdf>

Pursuant to PC 46.035, the open carrying of handguns is prohibited on all A&M-Commerce campuses. Report violations to the University Police Department at 903-886-5868 or 9-1-1.

Important Information about Counseling Center

The Counseling Center at A&M-Commerce, located in the Halladay Building, Room 203, offers counseling services, educational programming, and connection to community resources for students. Students have 24/7 access to the Counseling Center's crisis assessment services by calling 903-886-5145. For more information regarding Counseling Center events and confidential services, please visit www.tamuc.edu/counsel.

AI Use Policy

Texas A&M University-Commerce acknowledges that there are legitimate uses of Artificial Intelligence, ChatBots, or other software that has the capacity to generate text, or suggest replacements for text beyond individual words, as determined by the instructor of the course. Any use of such software must be documented. Any undocumented use of such software constitutes an instance of academic dishonesty (plagiarism). Individual instructors may disallow entirely the use of such software for individual assignments or for the entire course. Students should be aware of such requirements and follow their instructors' guidelines. If no instructions are provided, the student should assume that the use of such software is disallowed. In any case, students are fully responsible for the content of any assignment they submit, regardless of whether they used an AI, in any way. This specifically includes cases in which the AI plagiarized another text or misrepresented sources.

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