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. Learning Outcomes

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


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.

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 final exam. The final exam will be comprehensive. The exams will be closed book and closed notes. Students should bring a financial calculator to the exams. Sharing of calculators and the use of a laptop or any other electronic device will not be allowed during an exam.

**There will be no makeup exams.** If you have to miss an exam because of a legitimate 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 comprehensive final exam. Regardless of the excuse, if you miss two exams you will automatically fail the class.*

**Group Presentations**

During the semester, you need to stay informed on current developments that are relevant to international finance and financial institutions. You will be assigned 8-minute group presentations to be made about current news items dealing with international financial developments. These can be based on clippings from newspapers, magazines, newsletters, or professional journals. Your group presentation should summarize the news item and then relate it to some concept, practice, or problem in international finance and management, including your observations on its implications. You will have to email me a one-page outline of your presentation at least one day before your group presentation. I will hand out a schedule of the presentations at the fifth class session and there will be presentations at most sessions starting thereafter. Please do not exceed 8 minutes in making your group presentation.

Each group consists of no more than five students. As soon as possible, you need to start working on forming your group. Please let me know early if you have difficulties in forming a group.

**Peer Evaluation:** Group members will be asked to assess the contributions made by each student on his/her group. This assessment will be used to determine what percentage of the group score each person will receive. You will need to evaluate your group members on every presentation. Peer evaluation form will be distributed and collected at the date of making your group presentation. The summary score and anonymous, typed comments will be provided to the respective group member.

**Homework**

End of chapter questions & problems (including selected case studies) 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:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Presentations</td>
<td>11%</td>
</tr>
<tr>
<td>Class Participation</td>
<td>5%</td>
</tr>
<tr>
<td>Mid-term examination I</td>
<td>26%</td>
</tr>
<tr>
<td>Mid-term examination II</td>
<td>26%</td>
</tr>
<tr>
<td>Final examination</td>
<td>32%</td>
</tr>
</tbody>
</table>

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

**NOTE:** All cell phones must be turned off and out of sight during class. A student with a visible cell phone or other electronic device other than a stand-alone calculator during an exam will not be allowed to complete the exam and will receive a grade of zero for the exam. Anyone late to class 15 minutes or more (including final exam) will not be allowed to take the exam.

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

<table>
<thead>
<tr>
<th>Criteria</th>
<th>1 (Unsatisfactory)</th>
<th>2 (Emerging)</th>
<th>3 (Proficient)</th>
<th>4 (Exemplary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrate an understanding of mechanism and functions of the international financial environment.</td>
<td>Student cannot demonstrate an understanding of any of mechanism and functions of the international financial environment.</td>
<td>Student can demonstrate an understanding of some of mechanism and functions of the international financial environment.</td>
<td>Student can demonstrate an understanding of most of mechanism and functions of the international financial environment.</td>
<td>Student can demonstrate an understanding of all of mechanism and functions of the international financial environment.</td>
</tr>
<tr>
<td>Demonstrate an understanding of exchange rate behavior and the equilibrium theories.</td>
<td>Student cannot demonstrate an understanding of exchange rate behavior or the equilibrium theories.</td>
<td>Student can demonstrate an understanding of exchange rate behavior but none of the equilibrium theories.</td>
<td>Student can demonstrate an understanding of exchange rate behavior and some of the equilibrium theories.</td>
<td>Student can demonstrate an understanding of exchange rate behavior and all of the equilibrium theories, and can identify arbitrage opportunities.</td>
</tr>
<tr>
<td>Demonstrate an understanding of concepts and tools of exchange rate risk management for a multinational enterprise.</td>
<td>Student cannot demonstrate an understanding of some of the concepts and tools of exchange rate risk management for a multinational enterprise.</td>
<td>Student can demonstrate an understanding of all of the concepts and tools of exchange rate risk management for a multinational enterprise.</td>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>Demonstrate an understanding and show ability to measure financial decisions in a risk/return environment as related to global business.</td>
<td>Student cannot demonstrate an understanding of these processes or their measurement.</td>
<td>Student can demonstrate an understanding of these processes but not their measurement.</td>
<td>Student can demonstrate an understanding of some of these processes and their measurement.</td>
<td>Student can demonstrate an understanding of all of these processes and their measurement and display application ability.</td>
</tr>
</tbody>
</table>
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, August 28
Chapter 1 – Multinational Financial Management

Week 2, September 4
Chapter 2 – International Flow of Funds

Week 3, September 11
Chapter 3 – International Financial Markets

Week 4, September 18
Chapter 4 – Exchange Rate Determination
Group Member Lists Due

Week 5, September 25
Exam 1: Ch 1, 2, 3, 4

Week 6, October 2
Chapter 5 – Currency Derivatives
Group Presentations

Theme: Exchange Rate Behavior

Week 7, October 9
Chapter 6 – Government Influence on Exchange Rates
Group Presentations

Week 8, October 16
Chapter 7 – International Arbitrage and Interest Rate Parity
Group Presentations

Week 9, October 23
Exam 2: Ch 5, 6, 7

Week 10, October 30
Chapter 8 – Relations among Inflation, Interest Rates and Exchange Rates
Group Presentations

Theme: Exchange Rate Risk Management

Week 11, November 6
Chapter 10 – Measuring Exposure to Exchange Rate Fluctuations
Group Presentations
Week 12, November 13
Chapter 11 – Managing Transaction Exposure
Group Presentations

Week 13, November 20
Chapter 12 – Managing Economic Exposure and Translation Exposure
Group Presentations

Theme: Long-Term Asset and Liability Management

Week 14, November 27
Chapter 13 & 16 – Direct Foreign Investment & Country Risk Analysis
Group Presentations

Week 15, December 4
Chapter 17 – Multinational Cost of Capital and Capital Structure
Group Presentations

Final Examination – December 11, Comprehensive

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 conductive 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.

**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@tamu-commerce.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.