

# **INTERNATIONAL FINANCE (21141)**

**Degree:** International Business Economics

**Course:** Third/Fourth

**Term:** Second

**Number of ECTS credits:** 5

**Hours of student's dedication:** 125 hours

**Language of instruction:** English

**Professor:** Josep Maria Martos Martínez – [josemaria.martos@upf.edu](mailto:josemaria.martos@upf.edu)  
Department of Economics and Business - Office: 20299.bis

## **1. Presentation of the subject:**

This course focuses on some financial management aspects of leading a multinational enterprise. The multinational corporation (MNC) is defined as one that owns and operates capital (production or service) in more than one country. Topics covered in the course include: the determination of exchange rates, the international monetary system, parity conditions in international finance, country risk analysis, the foreign exchange market, currency futures and options, swaps and interest rate derivatives and the credit crisis.

The success of any MNC depends on its leadership's ability to skilfully guide and manage the global organization. The objective of this course is to promote the development of tomorrow's MNC managers.

Those managers will be confronted with a multitude of challenges that will not only test their ability to comprehend global markets, but also to lead their organizations through the constantly changing global financial environment.

## **2. Competences to be attained:**

Prerequisites: As a third/fourth year subject, the student is expected to possess a profound economic knowledge. Expertise in mathematics, macroeconomics and international economics will be very convenient.

The general competences are:

G1. A correct comprehension and good understanding of written academic texts and textbooks.

G4. An advanced level of English.

G7. The ability for critical and autonomous reflections.

G9. A demanding and rigorous discipline focused on work.

G10. A proactive attitude when learning new issues, a quality highly appreciated in a professional life.

G11. Apply the knowledge and understanding, and problem solving abilities in new or unfamiliar environments.

G16. Use the information properly when suggesting proposals or solving problems.

G17. Use an economic reasoning when making decisions in risky environments.

G18. The ability to integrate knowledge and handle complexity.

The specific competences are:

E1. Use economic models of international trade to analyse the impact of business decisions on main macroeconomic variables.

E2. Know how an enterprise goes global and the possible ways to locate it in overseas markets.

E3. Evaluate both opportunities and limitations in overseas markets with the aim of taking best decisions during the process of going global.

E4. Implement adaptation strategies in marketing and commercialization of products and services in overseas markets.

E5. Understand the limitations and opportunities of dealing in international financial markets.

E6. Know the main distinctions among different accounting systems and how they can be adapted through international accounting regulations.

E7. Take fiscal decisions on best locations in an international business environment while calculating the impact on management and profit.

### **3. Contents:**

#### **PART I: Environment of International Financial Management:**

Chapter 1 – Introduction to MNC and IFM.

Chapter 2 – The determination of exchange rates.

Chapter 3 – The international monetary system.

Chapter 4 – Parity conditions in International Finance and currency forecasting.

Chapter 5 – Country risk analysis.

#### **PART II: Foreign exchange and derivatives markets:**

Chapter 6 – The foreign exchange market.

Chapter 7 – Currency futures and options markets.

Chapter 8 – Swaps and interest rate derivatives.

#### **PART III: Present situation:**

Chapter 9 – Current multinational financial challenges : the credit crisis.

### **4. Assessment:**

The course mark will be determined by student's performance in the following areas:

Final project and proactive participation (theory and seminars): **10%**

To receive full points for attendance and participation the student must attend lectures regularly and proactively contribute to class discussions.

Final Exam (comprehensive): **50%**

Seminars (working party): **40%**

60% will be the result of how the student solves each of the seminars.

40% will come from the student's presentation of a seminar in class.

A zero will be given for no attendance to seminars even if the solution submitted is correct. Attendance to seminars is compulsory.

Both parts (final exam and seminars) must be passed separately with a minimum of four out of ten in order to average and complete this course successfully. Presumably the resit period will take place in May. Only the students taking the final exam in March will be able to retake it, if necessary, in May. The student will be able to resit only the final exam. This will be through a new exam (also requiring a minimum of four out of ten to average it).

## **5. Bibliography:**

### **5.1. Basic bibliography:**

*Multinational financial management* – Alan C.Shapiro – Wiley 8<sup>th</sup> Edition

### **5.2. Additional bibliography:**

*International financial management* – Cheol S.Eun & Bruce.G.Resnick – McGraw Hill 5<sup>th</sup> Edition

*Foundations of multinational financial management* – Alan C.Shapiro – Wiley 5<sup>th</sup> Edition

### **5.3. Teaching resources:**

Lecture notes and other supplementary material will be uploaded on the course website at least one day before the scheduled lecture. The student is

responsible for printing them. If they are not available on time, the professor will be responsible for bringing the notes and distributing them in class.

## **6. Methodology:**

We will occasionally discuss supplemental cases as well as current news related to the material covered in class. All students are expected to come prepared for in-class case/news discussions.

There will be a total of six seminar assignments.

These problems will be either uploaded on the course website or distributed in class at least some days in advance of the due date. The seminar assignments are meant to help students review the concepts covered during the previous weeks and to help them prepare for the final exam. Students will work and submit solutions to seminars in groups. Each group will present one seminar in class.

Late homework won't be accepted.

The final exam will be comprehensive in nature through a combination of multiple choice: questions and exercises. The room for the final exam will be posted or announced in class as soon as the information becomes available. No wireless devices will be allowed in the examination room. Mobile phones will be switched off.

Needless to say that no form of academic dishonesty will be tolerated. If a student is caught trying to cheat during the final exam, the student will automatically fail the course.

## **7. Activities planning:**

The information given below represents the tentative lecture and assignment schedule for this course. Any adjustments will be announced beforehand in class.

<b>WEEK NUMBER:</b>	<b>CHAPTER NUMBER:</b>	<b>SEMINAR:</b>
<b>1</b>	<b>1</b>	
<b>2</b>	<b>2</b>	
<b>3</b>	<b>3</b>	
<b>4</b>	<b>4</b>	
<b>5</b>	<b>5</b>	<b>SEMINAR 1</b>
<b>6</b>	<b>6</b>	<b>SEMINAR 2</b>
<b>7</b>	<b>7</b>	<b>SEMINAR 3</b>
<b>8</b>	<b>8</b>	<b>SEMINAR 4</b>
<b>9</b>	<b>9</b>	<b>SEMINAR 5</b>
<b>10</b>	<b>9</b>	<b>SEMINAR 6</b>