



Universitat
Pompeu Fabra
Barcelona

YEAR

2014-2015

INTERNATIONAL FINANCE (21141)

Degree: IBE

Course: Third/Fourth

Term: Second

Number of ECTS Credits: 5

Hours of student's dedication: 125

Language of instruction: English

Classroom: 20.029

Professor: David Rivero

Groups: 1,2

Email: david.rivero@upf.edu

Office: 20.299 bis

TA's: Cristoph Albert (christoph.albert@upf.edu) Groups: 101, 102

Eda Gulsen (eda.gulsen@upf.edu) Group: 103

Ming Yu Wong (mingyu.wong@upf.edu) Groups: 201,202

1. Presentation of the subject

This course focuses on the important aspects of the international financial management.

We will cover the main characteristics of the environment of international finance economics, the discussion of the organization of the markets for foreign exchange and finally the origin and the evolution of the current financial turmoil.

2. Competences to be attained

A prerequisite to follow this course is a good knowledge in macroeconomics and international economics.

General Competences

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.

Specific Competences

E1. Use economic models of international trade to analyze 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 1: Environment of international finance economics

Chapter 1: Introduction

Chapter 2: The Theory of Exchange Rate Determination

Chapter 3: The International Monetary System

Chapter 4: Parity Conditions in International Finance

Chapter 5: Country Risk

Part 2: The Currency and Derivative Markets

Chapter 6: The Foreign Exchange Market

Chapter 7: Futures and Options on Foreign Exchange

Chapter 8: Swap and Derivatives

Part 3: The Financial Turmoil 2007-2010

Chapter 9: The Origin of the credit crisis

Chapter 10: The Evolution and Consequences of the credit crisis

4. Evaluation

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

Seminars and Proactive Participation: 30%

The seminar sessions consist on problem sets which must be solved and discussed in class with the TA professor. The students must attend seminar classes regularly and contribute constructively to class discussions. **Attendance to seminars is compulsory.**

Solving the problem sets provide the best opportunity to apply the concepts presented in the theoretical lectures.

The seminar groups must be balanced. You cannot change seminars, so you must attend your corresponding subgroup. Problem sets must be solved in groups and submitted in pdf form by email to your corresponding TA before the seminar session.

The seminar part will be graded as follows:

- 20% will be the result of how the student solves each of the seminars.
- 10% will come from the student's presentation of a seminar in class.

Final Exam (comprehensive): 70%

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 retake exam will take place in **May**. The student will be able to retake **only the final exam mark (and not the seminars!)**. This retake will be through a new exam (also requiring a minimum of four out of ten to average it).

5. Bibliography and Teaching Resources

5.1. Basic bibliography:

- International financial management – CheolS.Eun&Bruce.G.Resnick –McGraw Hill 5th Edition
- Multinational financial management – Alan C.Shapiro – Wiley 8th Edition

5.2. Additional bibliography:

- Foundations of multinational financial management – Alan C.Shapiro – Wiley 5th Edition

5.3. Teaching resources:

Lecture notes and other supplementary material may be uploaded on the course website at least one day before the scheduled lecture. The student is responsible for printing them.

6. Methodology

The course will last 10 weeks. The professor will teach the classes of theory for the joint groups. In addition there will be 6 seminars in smaller subgroups dedicated to deepening understanding of the class material, to discuss solutions to sample problems, and implement real world applications of the main concepts studied in class.

These assignments will be either uploaded on the course website or distributed in class at least one week 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 will not be accepted after the deadline.

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.

The final exam will be comprehensive in nature through a combination of multiple choices: questions and exercises. Details about this exam will be discussed during the course.

The room for the final exam will be posted or announced in class as soon as the information becomes available.

If a student is caught trying to cheat during the final exam, the student will automatically fails the course.

7. Activities Planning

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

Week	Topic
1 07-11 Jan	Chp. 1 and Chp.2
2 12-18 Jan	Chp. 2 and Chp.3
3 19-25 Jan	Chp. 3 and Chp.4
4 26-31 Jan	Chp. 4 and Chp.5
5 02-08 Feb	Chp. 6 Seminar 1
6 09-15 Feb	Chp. 7 Seminar 2
7 16-22 Feb	Chp.8 Seminar 3
8 23-28 Feb	Chp.9 Seminar 4
9 02-08 Mar	Chp.9 and Chp. 10 Seminar 5
10 09-15 Mar	Chp.10 Seminar 6