



CIEE Paris, France

Course title:	International Finance
Course code:	(GI) BUSI 3001 PAFR
Programs offering course:	Arizona State University Global Flex - Course + Internship, Arizona State University Global Flex - 3 Credit, Arizona State University Global Flex - 6 Course Credits, Paris Open Campus Block
Open Campus Track:	Business
Language of instruction:	English
U.S. semester credits:	3.00
Contact hours:	45.00
Term:	Spring Block III 2023

Course Description

This course provides students with an overview of the dynamics of the global financial and international monetary systems. Students develop knowledge of the fundamental concepts needed to understand foreign direct investment, financial flows, international trade and investment deals. As political risk and economic exposure to global events have become more immediate, special attention will be given to the 2007-2012 world banking crisis, the role of central banks in the stabilization of national economies, national debts, and the specific economic challenges to which individual countries have been exposed in varying ways. Alternative views and policy measures to help struggling economies overcome the economic and financial crisis like contracting (or expanding) government spending will be assessed and critically analyzed.

Learning Objectives

By completing this course, students will:

- Critically analyze financial concepts and their application to the very intricate web of international economic and financial transactions.
- Discuss the determinants of international financial transactions and their consequences in the present-world economic and financial order.
- Explain the decisions taken by various agents (governments, multinational corporations, public and private banks) and how these interact in the international financial markets.
- Read and analyze economic and market indicators for a better understanding of the world panorama of economics and finance.
- Apply these indicators and criteria to financial decisions taken within multinational corporations for effective governance.

Course Prerequisites

Previous coursework in microeconomics, macroeconomics and international economics (which should include the basics of international trade) are course prerequisites. This course is not suitable for students with no previous economics classes.

Methods of Instruction

The course will be highly interactive between the instructor and the students. Students are expected to do the required readings before class so they can discuss the material among themselves and with the instructor. Power Point presentations and short video clips will be used by the instructor to introduce the material required. Students are expected to prepare questions based on their reading and interact thoughtfully in class, during business visits, and with guest speakers. The list of online references at the end of the syllabus includes web sites on financial information that should be consulted daily during the course, as finance is a dynamic and changing discipline that needs constant updating. Therefore, students will be responsible for checking selected web sites daily for in-class discussions.

Assessment and Final Grade

1.	Written Assignments	30%
2.	In-Class Presentations	15%
3.	Midterm Exam	15%
4.	Final Proposal	20%
5.	Participation	20%
	TOTAL	100%

Course Requirements

Written Assignments

Students are expected to write three summary papers, due on the last day of class in Weeks 2, 4, and 6. These should be 750 words in length (font 12) and should include brief summaries of visits to local companies that are international in scope. An example would be a visit with the local branch manager of a large, internationally active bank to understand the financial management styles of the country of study and how they differ with US styles. Papers should be written in APA citation style to reference your resources.

In-Class Presentations

Students will organize in teams of 2 to 4 people. Each team will choose a topic on international finance, which the instructor will give to the students on the first day of class, as case studies. The presentation should be in PowerPoint format and each group participant will present a part of the presentation, although all members should be familiar with the whole topic. The presentation should not last more than 15 minutes and will be followed by a Q&A session. Of utmost importance is to give examples and illustrate them with real-life financial examples.

Midterm Exam

A mid-term essay exam, comprising of two essay questions, will be administered at the end of Week 3. The materials in the test will include information from lectures, case studies, guest speakers, business visits, readings, video clips, etc. The test will be open book, so students are asked to bring all of their relevant notes and materials on the day of the test. Students will complete this exam through Canvas and must have their laptops fully functional for the exam.

Final Proposal

Choose a multinational company that is not currently present in the region. Develop an "in-house" proposal that will suggest whether (and how) your multinational should enter the local market. Your written proposal should comprise of at least three sections: a) Financial analysis of investment decision b) Risk analysis (including risk mitigation recommendation) c) Liability considerations and financing alternatives. Your written proposal should be between 1125–2250 words in length. You will pitch the key positions in your proposal on the final day of class. Your pitched should be five minutes or less and should be accompanied by compelling graphic representations of your positions using PowerPoint.

Participation

Participation is valued as meaningful contribution in the digital and tangible classroom, utilizing the resources and materials presented to students as part of the course. Meaningful contribution requires students to be prepared in advance of each class session and to have regular attendance. Students must clearly demonstrate they have engaged with the materials as directed, for example, through classroom discussions, online discussion boards, peer-to-peer feedback (after presentations), interaction with guest speakers, and attentiveness on co-curricular and outside-of-classroom activities. Additionally, as part of the participation grade, students will be required to write and ask 3 – 5 questions per guest speakers and business visit. These questions must be submitted via Canvas prior to class.

Attendance

To encourage engaged learning, regular class attendance is required throughout the program. This includes any required co-curricular class excursion or event, as well as internship, service-learning, or other required field

placement.

An excused absence in a CIEE course will only be considered if approved by a CIEE Center Director/Academic Director (not the Instructor), and:

- it is a self-certified absence for illness (only once per course, requires formal request before or within 24 hours, cannot miss assessment worth more than 5% of final course grade)
- a doctor's note from a local medical professional is provided
- evidence of a family emergency is provided
- it is a pre-approved observance of religious holiday

Unexcused absences include personal travel and/or travel delays, as well as missing more than 25% of a single class period (including tardiness and early departure). Assessments missed due to unexcused absences will be marked as zero. Students with over 10% unexcused absences will be contacted by CIEE staff. Students with over 20% unexcused absences will be contacted by CIEE staff, receive a formal warning letter (shared with their home institution) and lose 10% of the final course point total (e.g., a final A grade of 93% will be lowered to a B grade of 83%).

For more detail, please consult your CIEE Academic Manual.

Academic Integrity

Academic integrity is essential to a positive and inclusive teaching and learning environment. All students are expected to complete coursework responsibilities with fairness, respect, and honesty. Failure to do so by seeking unfair advantage over others or misrepresenting someone else's work as your own can result in grade penalties or disciplinary action. See the CIEE Student Academic Manual for further information on academic integrity.

N.B. Course schedule and co-curriculars are subject to change. The final duration and distribution of content and assignments will be determined and presented to students at the onset of the course.

Weekly Schedule

Week 1

Class: 1.0 Introduction to International Finance

The introductory lecture will give an initial overview of the principal subjects of the field, such as the monetary systems of the world, trends in international banking, the determination of exchange rates, foreign direct investment, balance of payments, purchasing power parity, etc. Students will also be informed about the concept of the course and details of the grade requirements.

Week 2

Class: 2.0 Terms of International Finance and International Finance in Context

Important terminology used in international finance will be discussed in relation to local contexts in this class. Special attention will be placed on the host country and its form(s) of corporate governance.

Mandura International Financial Management, 2014, Chapter 1.

The Global Financial Crisis, Bank for International Settlements, 79th Annual Report, June 2009, Timeline of Events, Pages 18, 19 <http://www.bis.org/publ/arpdf/ar2009e2.pdf>

Did The Fed Save The World? Paul Krugman, New York Times, Op-Ed, October 7,

Class: 3.0 International Finance Markets (1)

This class will focus on the balance of payments as a record of international money flows and the international financial markets, the crux of this course.

Mandura International Financial Management, 2014, Chapter 2

Class: 4.0 International Finance Markets (2)

We will cover the international foreign exchange markets, money and credit markets, as well as bond and stock markets, in the context of international business financing and portfolio investment.

Mandura International Financial Management, 2014, Chapter 3

Thomson Reuters: MarketPsych: Sentiment Data in the Foreign Exchange Markets.

<http://thomsonreuters.com/articles/2013/marketpsych-sentiment-data-in-fx-markets>

Assignment due: Written Assignment I – Summary Paper

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Week 3

Class: 5.0 Foreign Exchange Markets: Introduction

During this class students will learn the fundamentals of foreign exchange markets: from the record of the economic transactions between the residents of the country and the rest of the world in a particular period (the balance of payments), to the most critical notions about financial assets and currencies. Students will learn more about the the host country's economic, political, and social context and relate it to the stability or instability of the host country's markets.

Mandura International Financial Management, 2014, Chapter 4

Class: 6.0 Site Visit

Students will continue to analyze foreign exchange markets while visiting a local site that highlights the significant cross-border e-commerce industry. Students will analyze and discuss the balance of payments between the host country, the US, and other countries represented at the site in the context of the e-commerce market.

Mandura International Financial Management, 2014, Chapter 5, pages 137-144

Class: 7.0 Foreign Exchange Markets: The Valuation of Shares

The valuation of foreign shares and the factors affecting the equilibrium exchange rates will be covered, with an introduction to currency derivatives.

Mandura International Financial Management, 2014, Chapter 6

Midterm exam

Week 4

Class: 8.0 Financial Risk Management (1)

This lecture will focus on financial risk management. Students will discuss hedging strategies against risk exposure, the attempts at forecasting exchange rates and Forex in the context of international trade, and managing monetary and financial exchanges.

Mandura International Financial Management, 2014, Chapter 9

In-Class Case Study Presentation (last 40 minutes of class)

Class: 9.0 Financial Risk Management (2)

In this class students will further consider why managing exposure to financial risk is so important in handling the monetary and financial exchanges discussed in the previous session. This will be accomplished utilizing a local case study in addition to drawing on case studies introduced in student presentations.

International New York Times: Clouds Seen in Regulators's Crystal Ball for Banks

<http://www.nytimes.com/2013/01/11/business/economy/models-for-financial-risk-are-still-seen-as-flawed.html?pagewanted=all&module=Search&mbReward=relbias%3Aw%2C%7B%22%22%3A%22RI%3A13%22%7D&r=0>

In-Class Case Study Presentation (first 40 minutes of class)

Class: 10.0 Site Visit to FX Trading Company

Students will visit a foreign exchange (FX) trading company and be given an overview of FX strategies at the company being visited and how they are used to manage risk and currencies flows in and out of the host country .

Assignment due: Written Assignment II – Summary Paper

Week 5

Class: 11.0 Measuring Exposure to Exchange Rate Fluctuations: Long-term Assets

This week students will become acquainted with the strategic decisions regarding short- and long-term investments, both in terms of portfolio as well as foreign direct investments.

Mandura International Financial Management, 2014, Chapter 10

Class: 12.0 Measuring Exposure to Exchange Rate Fluctuations: Liability Management

he debt maturity decision and the fixed versus floating rate decision will be covered.

Mandura International Financial Management, 2014, Chapter 15

Class: 13.0 Hedging Instruments

This class will critique the uses of hedging instruments such as interest rate swaps.

Economist: Watching the wages. <http://www.economist.com/news/europe/21614178-germanys-economy-stutterseven-if-fundamentals-are-strong-watchingwages?zid=295&ah=0bca374e65f2354d553956ea65f756e0>

Assignment due: Written Assignment III – Summary Paper

Week 6

Class: 14.0 Conclusions and Review: An Ethical Viewpoint Week Week 6 Course

An integral review of all information given during the course will be put into context, addressing in particular the ethical issues peculiar to the financial sector and how they arise.

Mandura International Financial Management, 2014, Chapter 16

Class: 15.0 Best Practices

Examples of big investment banks and insurance companies will be given as illustrative cases of how the drive to profit from the lucrative securitization business led to an erosion of lending standards and, in 2008/09, to the worst recession since 1928. These practices will be contextualized in comparison to the green movement.

Class: 16.0 Final Exam

Course Materials

Readings

Grath, A., The Handbook of International Trade and Finance, Philadelphia, PA, Koganpage Publishers, 2013

Krugman, P., Obstfeld, M., Melitz, M., International Economics: Theory and Policy, Pearson Addison-Wesley, 2011

Madura, J., International Financial Management, Canada, Cengage, 2014.

Online Resources

1. The Global Financial Crisis, Bank for International Settlements, 79th Annual Report, June 2009, Timeline of Events, Pages 18, 19 <http://www.bis.org/publ/arpdf/ar2009e2.pdf>
2. Did The Fed Save The World? Paul Krugman, New York Times, Op-Ed, October 7, 2015 <http://krugman.blogs.nytimes.com/2015/10/07/did-the-fed-save-the-world/>
3. Thomson Reuters: MarketPsych: Sentiment Data in the Foreign Exchange Markets. <http://thomsonreuters.com/articles/2013/marketpsych-sentiment-data-in-fx-markets>
4. International New York Times: Clouds Seen in Regulators's Crystal Ball for Banks <http://www.nytimes.com/2013/01/11/business/economy/models-for-financial-riskare-still-seen-asflawed.html?pagewanted=all&module=Search&mabReward=relbias%3Aw%2C%7B%22%22%3A%22RI%3A13%22%7D&r=0>
5. Economist: Watching the wages. <http://www.economist.com/news/europe/21614178-germanys-economy-stutterseven-if-fundamentals-are-strong-watchingwages?zid=295&ah=0bca374e65f2354d553956ea65f756e0>
6. Economist: The Libor scandal, the rotten heart of finance. <http://www.economist.com/node/21558281>