



APPLIES TO ACADEMIC YEAR 2013/2014

## FIN 3633 International Financial Management

### Programme

Bachelor of Finance (3. year), Exchange Program

### Responsible for the course

Knut Sagmo

### Department

Department of Financial Economics

### Term

According to study plan

### ECTS Credits

7,5

### Language of instruction

English

### Introduction

Within business school curriculums, probably no area is more influenced by world integration than the area of investments and finance. Global economic integration and the ever-increasing interdependence between countries create new opportunities as well as risks for domestic and international corporations. The international dimension extends the field of corporate finance into currency and interest rate topics based on deviations from theoretically well-founded and recognized parity relationships. To future business executives and leaders, the importance of understanding how these parities (equilibrating forces) work, can not be overstated.

### Learning outcome

#### Acquired knowledge

Upon completion of the course, students are required to comprehend key concepts and analytics of international investments and finance such as;

1. Interest and currency risk from a corporate perspective;
2. distinction between currency exposure and risk from a corporate as well as investor perspective;
3. political risk influencing corporations' required rates of return on foreign direct and indirect investments.

#### Acquired skills

Upon completion of the course, students are required to master tasks such as:

- calculating parity-derived interest and currency rates between two countries for a given time-horizon
- calculating deviations from established international parity relationships
- estimating corporate economic consequences of interest rates and exchange rates deviating from international parity relationships
- estimating required rates of return compensating for business, financial, as well as political risks for international corporations

#### Reflection

Upon completion of the course, students are required to demonstrate attitudes compatible with appreciating international business. Such attitudes manifests themselves as behavior characterized by an understanding of the need to abide by international laws and regulations in all aspects of conducting business outside of national borders.

### Prerequisites

This course is based on skills from other courses from the Bachelor of Finance program, such as Securities' Law, Corporate Finance and Mathematical Analysis, Financial Management of Commercial Banks and Financial Investment Analysis.

### Compulsory reading

#### Books:

Shapiro, Alan C. 2010. Multinational financial management. 9th ed. Wiley. Latest edition used in class..

### Recommended reading

#### Books:

Eiteman, David K., Arthur I. Stonehill, Michael H. Moffett. 2012. Multinational business finance. 13th ed., Global ed. Pearson

### Course outline

1. International Economics and Finance
2. Exchange Rate Theory
3. Exchange Rate Risk and Exposure
4. Exchange Rate Hedging
5. Foreign Direct Investment (FDI)
6. Financing the International Firm

### Computer-based tools

Excel spreadsheets and and basic statistical software.

### Learning process and workload

The course consists of 36 lecture hours and 9 hours of instructor-guided, in-class problem-solving. Students are recommended to allocate studying hours as follows:

Recommended use of hours:

Activity	Hours
Attendance in lectures	36
Independent reading/preparation for class	120
In-class work on home assignments	9
Mandatory three work assignments	9
Preparation for the final examination	26
<b>Total</b>	<b>200</b>

### Coursework requirements (Mandatory)

During the course, three mandatory assignments are distributed electronically on Its Learning. The answers to the assignment-problems must be submitted electronically, also. Two out of the three assignments must be approved in order to sit for the final exam. In addition, we'll be solving four home assignments in class. The examination takes place by the end of the lectures series. Further administrative details are provided in class.

Feedback on the assignment problems is provided in two ways:

1. It's learning sums up and automatically returns to students their overall score upon submission of the answers.
2. A review of the assignment problems is given during the first class-meet following each assignment.

### Use of hours

36 hours - Lectures

9 hours - in-class solving home assignments

45 hours total

### Coursework requirements

In order to sit for the final exam, students must get approved a minimum of two out of three assignments during the course. See Learning process and workload.

### Examination

A five hour individual written examination concludes the course.

### Examination code(s)

FIN 3633 Written examination counts 100% towards the final grade in FIN 3633 International Financial Management (7,5 ECTS credits).

### Examination support materials

No support materials allowed except the BI-defined exam calculator TEXAS INSTRUMENTS BA Plus and interest rate tables. For more information, please visit our web-based Student Handbook at <http://bi.edu/studenthandbook/examaids>

### Re-sit examination

A re-sit is possible in connection with the next ordinary course. Students not having approved the mandatory work assignments are required to submit a new series of three work assignments during the next ordinary lectures series. Students failing the examination, or wishing to improve a previous grade, may retake the examination conditional upon approval of the semester's work assignments.

### Additional information