

# **INTERNATIONAL FINANCE**

## *Business*

**Course contact hours:** 45

**Recommended credits:** 6 ECTS – 3 US

### OBJECTIVES

With the rapid globalization of the world economy, the managers of a firm have to understand that their decisions will be greatly influenced by variables such as exchange rate policies, trade policies, and international accounting standards.

The objective of the International Finance course is to understand globalisation and the risks involved, and to appreciate the problems of the corporate finance manager and the solutions available to him or her in this increasingly uncertain environment.

This course will focus on three main areas of international finance:

1. key economic theories,
2. the main financial instruments for risk management
3. exchange risk management

### REQUIREMENTS

Fluent in English

### LEARNING OUTCOMES

1. Understand the environment and factors associated with foreign exchange rate determination.
2. Demonstrate knowledge of foreign exchange terminology.
3. Demonstrate knowledge of the various forms of financial instruments available for foreign exchange risk management.
4. Understand key economic theories that underlie the foundation of foreign exchange risk management.
5. Demonstrate knowledge of basic strategies and techniques associated with foreign exchange risk management.

## CONTENTS

- Introduction to International Finance
- The Determination of Exchange Rates
- The Balance of Payments
- The Foreign Exchange Market
- The International Monetary System
- Parity Conditions in International Finance
- Mid-Term Exam
- Currency Futures
- Currency Options
- Interest Rate and Currency Swaps
- Translation Exposure
- Transaction Exposure
- Economic Exposure

## TEACHING METHODOLOGY

The learning experience is based on a range of methods: lectures and exercises, seeking that students understand the world of international finance and develop their skills in areas such as theoretical presentations and practical exercises. There is also a component of self-directed learning based on recommended readings and research.

## ASSESSMENT CRITERIA

Mid-term: 35%

Final exam: 35%

Class participation: 20%

Group projects: 10%

Mid-term exam (35%): The mid-term exam will cover theory and exercises.

Final Exam (35%): The final exam will cover theory, exercises and case studies.

Class participation (20%): Participation in exercises and attendance is mandatory for achieving this percent.

Group projects (10%): In groups, students will prepare a presentation about an actual topic (chosen by the professor).

## BIBLIOGRAPHY

### Required reading:

Shapiro, A.C. (2019) *Multinational Financial Management*, 11th Edition, Wiley.  
Rahnema, A. (2007) *Finanzas Internacionales*, Deusto S.A. Ediciones (Spanish).

### Recommended reading:

Madura, J. and Fox, R (2011) *International Finance Management*, 2nd. Edition, South Western College.  
Brealey, R. et al (2011) *Fundamentals of Corporate Finance*, 7th Edition, Mc-Graw Hill.  
Moffet, M. et al (2013) *Fundamentals of Multinational Finance*, 4th Edition, Pearson.  
Wall Street Journal [online.wsj.com/europe](http://online.wsj.com/europe)  
Financial Times [www.ft.com](http://www.ft.com)  
Expansión [www.expansion.com](http://www.expansion.com)  
Cinco Días [www.cincodias.com](http://www.cincodias.com)