



University of the Incarnate Word
UIW-Heidelberg

BFIN 3355 INTERNATIONAL FINANCIAL MANAGEMENT

COURSE OUTLINE

I. Logistics

UIW- Heidelberg Study Center

Physical Address:

Heidelberg, Germany - Bergstrasse 106, 69121

II. Course Description

This course provides a global approach to financial management. Topics include: International financial markets and banking, financial structure in global markets; managing exchange rate risks and hedging; international capital budgeting; international arbitrage and parity.

Today's firms, investors, and governments operate in a global environment where foreign exchange rates can be volatile, and technology makes the financial markets worldwide more integrated. Multinational corporations (MNC) play a large role in the world economy today and assist in the development of emerging countries. Emerging from the global financial crisis has a lasting impact on the global economy, and businesses today. Market imperfections - such as country-tax differences, government restrictions on capital flows, regional economic unions and trade tariffs - drive MNC investment. Considering these events, we focus this course on the multidimensional financial management of the MNC.

The primary goals of this course are to examine and analyze financial decisions in the context of the MNC and to develop an in-depth understanding of the major international financial markets. The course includes experiential activities – following a country's currency to better understand macro, cultural and social conditions, and analyzing a MNC and its global operations.

Our goals are to:

1. Investigate the growth of multinational firms, with a focus on the second half of the 20th century through today when the MNC became the primary engine of growth of the global economy.
2. Analyze the instruments traded and institutions active in the foreign exchange markets, the international money markets, and the international capital markets.
3. Analyze the financial decision making of a MNC, with specific attention to foreign exchange risk management and the analysis of investment projects.
4. Work as an analyst making investment decision recommendations on international firms.
5. Understand the impact of environmental, social and governance perspective of firms.
6. Learn how to communicate and work effectively in a cooperative learning environment.
7. Understand and address the impact of the global financial and developed sovereign debt crises on you as a student, employee and investor.



III. Course Objective

At the completion of the course you will be able to:

1. Describe how the market for foreign exchange works through the cash markets (spot and forwards) and derivatives markets (forwards, options, and interest rate and currency swaps);
2. Explain the concept of foreign exchange risk, the factors that determine the rate of exchange between two currencies and foreign exchange risk measurements;
3. Analyze how foreign exchange risk can be managed through currency derivatives and through other techniques;
4. Identify the international factors that impact the cost of capital of the global firm and how firms obtain capital through the money and debt markets and cross border issuance of equity;
5. Recognize the cultural, social and political risks that the global firm faces, including capital restrictions, and trade tariffs; AND
6. Describe the importance of sustainability to the MNC in today's capital markets.

IV. Course Texts/Supplies/Materials

Eiteman, D. K., Stonehill, A. I. and Moffett, M.H. (2019). *Multinational Business Finance, 15th ed.*, 2019., New York, NY. ISBN 13: 978-0-13-479655-0. print or e-book

Course Web Site: Canvas (Electronic Blackboard made available to all)

Excel and Financial calculator – You will use Microsoft Excel to complete the course projects and assignments. A financial calculator is most helpful for this class. You may find investopedia.com online calculator acceptable as well.

Other resources –Selected articles and cases from newspapers, books, and Journals, etc.

4th Hour: Changes in the market value of public companies are mainly driven by investors' perception of a firm's expected performance. Many of these views are formed by quarterly earnings announcements and investor earnings calls. As a corporate finance intern, you will follow Earnings Calendars of firms and macro-economic announcements regularly through weekly written journal entries. Your performance on these are included in your homework grade.



- V. The following matrix reflects the general guideline of topics, readings, and/or assignments for each session. **The instructor reserves the right to modify weekly activities, assignments, projects, and/or assessments required for this class. Adjustments and/or changes will be stated before and/or during class. If the student is absent, it is the student's responsibility to contact the instructor and/or classmates about any adjustments and/or updates.**

Week/ Lecture	Topic / Reading	Class Activity
Week 1/ Lect. 1	Ch. 1: Multinational Financial Management: Opportunities and Challenges	Introduction; Country Macro environment, Geopolitics and Exchange Rates Assignment.
Week 2/ Lect. 2	Ch. 2: The International Monetary System	Discuss Chps. 1 & 2
Week 3/ Lect. 3	Ch. 3: The Balance of Payments - Mini Case #1	Ch. 2 Answer min-case questions, submit online
Week 4/ Lect. 4	Ch. 4: Financial Goals and Corporate Governance	Ch. 3 Answer min-case questions
Week 5/ Lect. 5	Ch. 5: The Foreign Exchange Market	Work on MNC project – What are their global operations? Discuss their revenue and profit mix. What impact does Brexit have on your firm?
Week 6/ Lect. 6	Ch. 6: International Parity Conditions - Mini Case #2	Ch. 6 homework problems Bring in Big Mac Index (ft.com) Ch. 5 Mini-Case, submit online
Week 7/ Lect. 7	Ch. 7: Foreign Currency Derivatives: Futures and Options	Ch. 7 homework problems
Week 8/ Lect. 8	Ch. 8: Interest Rate Risk and Swaps	Mid-Term Exam
Week 9/ Lect. 9	Ch. 9: Foreign Exchange Rate Determination and Intervention	How does your firm raise debt and equity capital? Bring in draft of presentation and report.
Week 10/ Lect. 10	Ch. 10: Transaction Exposure	Ch. 10 homework problems Ch. 9 Mini-Case, submit online
Week 11/ Lect. 11	REVIEW CLASS	Final Exam Final Research Project & Presentation Bring in presentation and report hardcopy <u>and</u> submit online also.



NOTE: The instructor reserves the right to adjust and/or change the above schedule at any time during the semester. Adjustments and/or changes will be stated before and/or during class. If the student is absent, it is the student's responsibility to contact the instructor and/or classmates about any adjustments and/or updates.

VI. Grading Activities, Criteria and Guidelines

This class will include a variety of instructional methods and learning activities intended to engage the student in the learning process. This may include, but not be limited to: lecture, written assignments, group discussion and problem solving exercises, media presentation, article and case analysis, student-led discussion, student presentation, reflection on what was learned and documentation of planned application. Some assignments will be individual while some may be group or team assignments. Class will be participative, and each student must be prepared for each class.

VII. Grades

The course consists of the following assessments. The instructor reserves the right to adjust and/or change the course assessments before and/or during the class.

Description	Percentage
Cases (3)	30%
Final Exam	30%
Final Research Project	30%
Homework and Class Discussion	10%
Total	100%

VIII. Attendance and Participation

Attendance and active classroom participation are required of each student. Tests will cover for all course material provided through lectures and presentations, readings, discussions, cases, and videos during class. **Absences and/or a lack of participation in discussions will impact negatively on the final grade.** Each student is responsible for all material covered and/or assigned and any announcements made in any class session, whether student is present or not. Group activities require all students to participate and contribute to group discussions and projects.

Students are expected to come to class on time and to have read assigned material before class. There may be an occasional pop quiz to verify whether students have read the assignments before class. **All work must be turned in on time.** Late work may be accepted but points will be taken off if work is not turned in to instructor when it is due. At all times, in class and group discussions, students are expected to respect contributions, questions, and opinions of other people. Demeaning others in any way is not acceptable.



IX. Academic Integrity Policy

Examples of scholastic dishonesty include, but are not limited to, plagiarism, cheating on assignments or tests, taking, unauthorized reuse of work, etc. If it is determined that a student has engaged in scholastic dishonesty, the faculty shall adhere to the [Academic Integrity Policy stated in the UIW Catalog](#).

X. Grading Scale

The University of the Incarnate Word operates on a semester basis using a 4-point grading scale as follows. Registrar Online Resource: <https://my.uiw.edu/registrar/academics/grading-scale.html>.

Grade	Descriptive Grade	Numeric Grade	Grade Points
A	Excellent Scholarship	93-100	4.00
A-	Excellent Scholarship	90-92	3.70
B+	Good Scholarship	87-89	3.30
B	Good Scholarship	83-86	3.00
B-	Good Scholarship	80-82	2.70
C+	Satisfactory Scholarship	77-79	2.30
C	Satisfactory Scholarship	70-76	2.00
D+	Poor Scholarship	67-69	1.30
D	Poor Scholarship	63-66	1.00
D-	Poor Scholarship	60-62	0.70
F	Failure	Less than 60	0.00
IP	Incomplete work		None assigned; converts to an F after expiration date or deadline of six months
N	Grade not reported by faculty		None assigned
NG	No grade required		None assigned; used for thesis and dissertation courses
P	Satisfactory Scholarship	70-100	None assigned
S	Satisfactory Scholarship	70-100	None assigned
W	Withdrawn from the University		None assigned



XI. Course Add/Drop Procedure

Students are responsible for communicating and updating any potential changes, including dropping a course, to the UIW Heidelberg Academic Director **and** their Academic advisor at UIW before implementing any changes.

Dropping or changing a course may delay a student's intended graduation date due to classes not adhering to their degree plan.

The Study Abroad Advisor, UIW European Liaison and/or any other administrative personnel are **not** responsible for the student's academic planning.



SUPPLEMENTAL COURSE INFORMATION

Assigned problems: Throughout the semester you will be assigned to work on end-of-the-chapter problems and cases. Your solutions are to be shared with your classmates on the Discussion Board of Canvas.

Final Research Project: In this project, you will assume the role of consultant and apply the concepts from class to an international finance business decision, reviewing the international operations of an assigned MNC. There will be detailed instructions on this project in Week 3.

For this project, you will produce two deliverables: a presentation and a report. You will present your results to the client (me) on the second to the last class. Your presentation will include slides to support your findings. Your presentation will be evaluated based on clarity, content and professionalism. In addition, you will provide a written report to your client. This report will include an executive summary highlighting your recommendations and more details to support your recommendations. Please submit your final written assignment with the following standard format on the cover page of the first page:

FIN340 Your Name

Date: DD-MM-YYYY

Name of Company (e.g., BASF)

Please properly cite all materials used in your report with MLA format. Include charts, tables, graphs with sources listed. Your report will include a reference section.

This project is an important component to complete the course successfully. **Students are strongly encouraged to work on the project throughout the semester and consult with the instructor.**

Exams

Make-ups will not be given, and absences will be excused only in the most extreme circumstances. If you are unable to take an exam at the scheduled time, you must notify me in advance. Failure to provide advance notice will result in a zero on the exam. You will have to provide written documentation for an absence. Failure to take any exam will result in "zero" for the overall exam score.