

COURSE SPECIFICATION DOCUMENT

NOTE: ANY CHANGES TO A CSD MUST GO THROUGH ALL OF THE RELEVANT APPROVAL PROCESSES, INCLUDING LTPC.

School:	Business and Economics
Programme:	Masters in Business Administration
FHEQ Level:	7
Course Title:	International Financial Management
Course Code:	FNN 7400
Course Leader:	
Student Engagement Hours:	200
Seminars:	39
Tutorials:	6
Independent / Guided Learning:	155
Semester:	Fall
Credits:	20 UK CATS credits 10 ECTS credits 4 US credits

Course Description:

This course is designed to build on the foundations developed in Financial Management and apply the tools and techniques of financial analysis to international transactions, where changing exchange rates tend to complicate matters. While the use of various hedging tools for managing forex risk are considered, management of international portfolios and international capital budgeting are also examined.

Prerequisites: FNN 7102

Aims and Objectives:

- Understand the importance of exchange rates in international finance
- Demonstrate knowledge of the key types of forex and why they might need to be hedged
- Explain qualitatively and quantitatively how to hedge forex risk using a variety of tools

- Exhibit a clear understanding of the tools and techniques required for international portfolio management
- Be able to undertake an international capital budgeting exercise

Programme Outcomes:

A1, A2, A5
B1, B2, B3, B4
C3, C4
D1, D2, D3, D4

A detailed list of the programme outcomes are found in the Programme Specification.

This is located at the archive maintained by the Academic Registry and found at:
<http://www.richmond.ac.uk/content/academic-schools/academic-registry/program-and-course-specifications.aspx>

Learning Outcomes:

By the end of this course, successful students should be able to:

Knowledge and Understanding

- Understand the role of forex risk management within the broader context of the Finance function
- Understand in detail how forex hedging decisions are made, both from a theoretical and practical perspective
- Be able to analyse, plan and make international financial decisions in given sets of financial circumstances

Cognitive skills

- Apply appropriate quantitative skills, to a range of forex risk, international portfolio and capital budgeting scenarios, for measurement, management and interpretation purposes

Subject specific, practical and professional skills

- Apply financial and other analytical concepts to be able to assess forex risk
- Forecast cashflows and cost of capital in an international arena to make corporate financial decisions

General/transferable skills

- Develop analytical skills necessary to communicate findings effectively to others

Indicative Content:

- The determination of exchange rates: short-run and long-run
- Forex risk: the three main forms
- Hedging forex risk
- International portfolio management
- International WACC
- The international capital budgeting process, including FDI

Assessment:

This course conforms to the Richmond University Standard Assessment Norms approved at Learning and Teaching Policy Committee found at:

<http://www.richmond.ac.uk/content/academic-affairs/academic-standing.aspx>.

Teaching Methodology:

The course will emphasize problem-solving, the application of theory to real world practice and teamwork. Problem-solving and the application of theory to practice will be addressed through extensive use of case studies which require analysis and problem solving. Teamwork will be emphasized through in-class case discussion and group assignment(s).

Bibliography:

See syllabus for complete reading list

Indicative texts

Required Texts:

One of the following:

Eiteman, David K., Arthur I. Stonehill and Michael H. Moffett (2012), *Multinational Business Finance*, thirteenth edition. Pearson

Shapiro, A. C. (2013), *Multinational Financial Management*, tenth edition. John Wiley

Recommended Reading

Cohen, Ivan K. (2006) *Focus on Financial Management*. World Scientific

Cohen, Ivan and Khine Kyaw (2009), *Globalisation of Financial Markets*. London: **ifs**
School of Finance

Gibson, Roger C. (2008) *Asset Allocation: Balancing Financial Risk*, fourth edition.
McGraw-Hill

Pilbeam, Keith (2013) *International Finance*, fourth edition. Palgrave Macmillan

Valdez, Stephen and Philip Molyneux (2012) *An Introduction to Global Financial Markets*, seventh edition. Palgrave Macmillan

Journals:

1. The Journal of Finance
2. Journal of Financial Economics
3. Journal of international Money and Finance
4. International Finance
5. Journal of Corporate Finance
6. Journal of Applied Corporate Finance
7. Quarterly Journal of Finance and Accounting

Web Sites

The Financial Times (www.ft.com)
The Economist (www.economist.com)
The Wall Street Journal (wsj.com)
Briefing Notes in Economics (www.richmond.ac.uk/bne)
The International Monetary Fund (IMF) (www.imf.org)
The Organisation for Economic Co-operation and Development (OECD) (www.oecd.org)
The World Bank (www.worldbank.org)
The Bank for International Settlements (BIS) (www.bis.org)
The European Union Online (europa.eu.int)
The European Central Bank (ECB) (www.ecb.int)
The Bundesbank (www.bundesbank.de)
The Bank of England (www.bankofengland.co.uk)
The Bank of Japan (www.boj.or.jp/en)
The Federal Reserve Board (www.federalreserve.gov)
Google Finance (www.google.co.uk/finance?tab=we)
CNBC (www.cnn.com)
Global Financial Data (www.globalfinancialdata.com/index.html)
NYSE Derivatives (globalderivatives.nyx.com)
CME Group (www.cmegroup.com)
Xe.com (currency data and news) (www.xe.com)
OANDA (forex data) (www.oanda.com)
Easy ForexTM (www.easy-forex.com/en/Main.aspx)
OzForex (www.ozforex.com.au)
The Risk Institute (riskinstitute.ch)
Classic Financial Scandals (www.ex.ac.uk/~RDavies/arian/scandals/classic.html)
Social Science Information Gateway (www.sosig.ac.uk/economics)
WebEc: World Wide Web Resources in Economics (netec.mcc.ac.uk/WebEc.html)
The CIA Factbook (www.cia.gov/cia/publications/factbook/index.html)

Please Note: The core and the reference texts will be reviewed at the time of designing the semester syllabus
