

1. Course Description

Course Title: International Financial Management

Multinational Corporations continue to expand their operations globally. An understanding of global financial markets is critical for managing an international business, a portfolio of financial instruments, or even a new domestic business exposed to international competition. This course is designed to give a working knowledge of the most essential components of international financial management, focusing on international financial markets, institutions, and instruments.

International Financial Management is designed as an introductory course. The course reviews the basic finance concepts before I extend to the multinational case. The course is suitable for undergraduate students.

The aim is to help you understand the nature of international financial management. The course focuses on understanding of the foreign exchange markets and world capital markets (banking, debt, and equity) to carry out an effective management of the firm. Since MNCs face opportunities but also risks, financial management involves the design of appropriate strategies to hedge risks. The course offers an intuitive and real world grasp of concepts and issues in international finance. A wealth of examples is provided to enable the students to see the subject to business, mostly from a multinational corporation.

The course will be taught in the form of lecture. The method of this course is to combine theory and real business life experience:

- Presentation of theoretical background with reference to existing literature
- Presentation of real-life examples and case studies leading to class discussions

The final grade will be based on a written exam (60 min.). Students will typically be required to explore and compare specific aspects of an issue or to apply their technical abilities and understanding to, for example, solve a problem or provide a recommendation.

2. Course Syllabus

1. Course name		
International Financial Management		
2. Time for the course		
Type 5: Tuesday, Wednesday, Thursday, Friday (08:00-12.00)		
Two weeks preferred to start from July 4 or July 18.		
3. Instructor		
Prof. Dr. Bernhard Schellberg		
4. Students		
Targeted to undergraduate students with no prerequisite requirements, from China and abroad		
5. Credit hours		
2-credit course (32 hours in total)		
6. Course assessment		
Final assessment in the form of a test (60 min.)		
7. Teaching methods		
The course will be taught in the form of lecture. The method of this course is to combine theory and real business life experience:		
<ul style="list-style-type: none"> • Presentation of theoretical background with reference to existing literature • Presentation of real-life examples and case studies leading to class discussions 		
8. Objectives		
<p>Multinational Corporations (MNCs) continue to expand their operations globally. This process has many causes and implications, but it is widely accepted that finance is the dimension in which is most advanced. An understanding of global financial markets is critical for managing an international business, a portfolio of financial instruments, or even a new domestic business exposed to international competition. This course is designed to give a working knowledge of the most essential components of international financial management, focusing on international financial markets, institutions, and instruments.</p> <p>International Financial Management is designed as an introductory course. The course International Financial Management presumes an understanding of basic corporate finance. However, the course reviews the basic finance concepts before I extend to the multinational case. (The course is suitable for undergraduate students.) The aim is to help you understand the nature of international financial management. The course focuses on understanding of the foreign exchange markets and world capital markets (banking, debt, and equity) to carry out an effective management of the firm. Since MNCs face opportunities but also risks, financial management involves the design of appropriate strategies to hedge risks.</p> <p>The course offers an intuitive and real world grasp of concepts and issues in international finance. A wealth of examples is provided to enable the students to see the subject to business, mostly from a multinational corporation.</p>		

9. Course Syllabus

- I. Global Finance Environment
 - a. Multinational corporations, global market participants, international goods markets (1 hour)
 - b. International financial markets (1 hour)
 - c. Globalization as a risk factor, benefits of international trade (1 hour)
 - d. Comparative advantage (1 hour)
 - e. Balance of payments accounting, international capital flows (1 hour)
 - f. The determination of global rates of return (1 hour)
- II. Foreign Exchange Theory and Markets
 - a. Bid-ask spreads (1 hour)
 - b. Market structure (1 hour)
 - c. Triangular arbitrage (1 hour)
 - d. Real exchange rates (1 hour)
 - e. Exchange rate systems, what is a currency, (1 hour)
 - f. The role of central banks (1 hour)
- III. Foreign Exchange Exposure
 - a. Hedging with exchange forwards (6 hours)
 - b. Exchange rate swaps, and (4 hours)
 - c. Exchange rate futures (4 hours)
- IV. Financing the Global Firm (Sourcing equity globally, sourcing debt globally) (2 hours)
- V. Foreign Investment Decisions (International portfolio theory and diversification, foreign direct investment theory and political risk, multinational capital budgeting) (2 hours)
- VI. Managing Multinational Operations (Multinational tax management, working capital management) (2 hours)

10. Textbooks

- Bruner, Robert F.: Case Studies in Finance, Boston.
- Desai, Mihir A.: International Finance, Hoboken.
- Eiteman, David K./Stonehill, Arthur I./Moffet, Michael H./Multinational Business Finance, Boston.
- Erhardt, Michael C./Brigham, Eugene F.: Financial Management.
- Eun, Cheol S./Resnick, Bruce G.: International Financial Management, Boston.
- Levi, Maurice D.: International Finance, London.
- Madura, Jeff/Fox, Roland: International Financial Management, London.
- Moffet, Michael H./Stonehill, Arthur I./Eiteman, David K.: Fundamentals of Multinational Finance, Boston.