

**ASSUMPTION UNIVERSITY
MARTIN DE TOURS SCHOOL OF MANAGEMENT
DEPARTMENT OF FINANCE AND BANKING
COURSE OUTLINE 1/2010**

Martin de Tours School of Management's Vision and Mission

Vision:

To be leading international business school in the ASEAN region providing high quality business education to enable graduates to make invaluable contributions to organizations and society.

Mission:

To shape our students into independent-minded graduates who are well versed in business, able to communicate effectively, tech savvy, innovative, and ethical to successfully face global challenges.

COURSE TITLE:	FIN4812 International Finance
PREREQUISITE:	FIN 3701 Corporate Finance and 106 credits
LECTURER:	A. Radha S (radhasrn@au.edu). Dr. Chayakrit A. (Chayakrita@gmail.com)
COURSE DESCRIPTIONS:	The course introduces students to the international financial environment and focus on the managerial aspects of international financial management from the MNC perspective. The course provides students background knowledge of the international financial markets and foreign exchange markets. It focuses on the policies and strategies MNCs adopt in assessing, planning and managing their foreign exchange risk exposures, international financing and investment decisions.
COURSE OBJECTIVES:	The objectives of this course are as follows: <ol style="list-style-type: none"> 1. To enable students to integrate the international dimension of finance and economics into practices. 2. To describe the international financial environment, markets and instruments and its role in MNCs financial decision making 3. To provide student with the necessary quantitative and analytical skills to make financial and investment decisions in an international environment 4. To develop a more effective strategy (ies) and practice(s) for managing the financial/foreign exchange risk exposures in international business.

Week	Chapter	Topic
Part I: The International Financial Environment		
1	1 2	Multinational Financial Management: An Overview International Flow of Funds
2	3	International Financial Markets
3	4	Exchange Rate Determination and Quotations
4	5	Currency Derivatives: Forward and Future Contracts
5	5	Currency Derivatives: Option Contracts
Part II: Exchange Rate Behavior		
6	6	Government Influence on Exchange Rate
7	7	International Arbitrages and Interest Rate Parity
8	8	Relationship between Inflation, Interest Rates, and Exchange Rates
Midterm Examination (30%)		
Part III: Exchange Rate Risk Management		
9	9	Forecasting Exchange Rates
10	10	Measuring Exposure to Exchange Rate Fluctuations
11	11	Managing Transaction Exposure
12	11	Alternative hedging decision for the currency risk
13	12	Managing Economic Exposure and Translation Exposure
Part IV: Long-Term Asset and Liability Management		
14	14	Multinational Capital Budgeting
14	17	Multinational Cost of Capital and Capital Structure
15	18	Long Term Financing
All Chapters Comprehensive Final Examination (40%)		

REQUIRED TEXT

Madura, Jeff.(2008). *International Corporate Finance*, 9th ed., US: South-Western College Company.

REQUIRED READINGS

Students are required to regularly update themselves with the current world economic, business and financial situations. The suggest reading materials are from *the Business and Financial Newspapers and Journals* such as the Asian Wall Street Journal, The Bangkok Post, The Nations, Fortune, The Business Week, The Economist, and The Far Eastern Economic Review.

SUGGESTED READINGS

1. Eiteman, David K., et al. *Multinational Business Finance*, 7th ed., US: Addison Wesley, 1995.
2. Levi, Muarice D. *International Finance*, 3rd ed., US: McGrawHill.
3. Samuels, John M., et al. *Financial Management and Decision Making*, UK: ITP, 1998.

REQUIREMENT/ MARK ALLOCATION* (*See also class requirements and classroom policies)

Quiz I, II (7.5% each)	15%
Assignment, Participation & Presentation	15%
Midterm Examination	30%
Comprehensive Final Examination	<u>40%</u>
Total	100%

Quiz I: July 4, 2010 (Sunday) 17.00-1800 (Huamak Campus)
Quiz II: September 5, 2010 (Sunday) 17.00-1800 (Huamak Campus)

CLASSROOM POLICIES

- **Students need to comply with AU Dress Code, Time Conflict Examination Regulations, Laws on Smoking Cigarette, and Restrictions on Foods and Drinks V10.1, June 2010.**
- **Attendance policies:**
 - [2 times of ten-minute late for class considered as 1 absence.](#)
 - Make-up classes are not allowed.
 - 80% attendance is strictly required regardless of any reason.
 - No checking attendance for other classmates. Violation of the policies will result in being automatically withdrawn from the class.
 - [Attendance is counted since the first day of class regardless of any reason.](#)
- **Manner in class:**
 - Behave in a polite manner
 - Pay respect to instructors and class participants
 - Turn off all communication devices
 - Do not leave and re-enter the classroom
 - Prohibited manners: Eating, drinking, chatting, talking on the phone, text-messaging, sleeping, reading other materials, doing other subjects' assignments/homework, walking in-out, etc.
 - [Improper behavior will result in no attendance checked.](#)
- **Dress code:**
 - Follow AU dress code
 - [Improper dress code will result in no attendance checked.](#)
- **Class assignments (Homework, reports, project, presentation, paper, etc.):**
 - [No Plagiarism.](#)
 - The students copying works from all sources will be penalized – “Zero” marks or “F” grade.
 - Hand in all class assignment on time, both soft copy and hard copy.
 - [Late submission will NOT be graded.](#)
- **Class participation:**
 - Be participative and attentive in class
 - The students are also required to comply with all classroom policies.
 - Violation of the classroom policies will result in [“zero” or “negative” participation marks and/or no attendance checked.](#)
- **Request for make-up quizzes (if applicable):**
 - The students requesting for the make-up quizzes need to submit their names with valid evidence (ABAC related issues only) to the respective lecturer within the specified dates.
 - [Late submission will NOT be allowed to take the make-up quizzes.](#)

- **Grade inquiry:**
 - The students can request for a review for their marks or grades.
 - The students need to submit petition to the respective Chairperson at D6 or MSM2 within 2 weeks after their marks or grades have been officially announced. Petition submitted after the specified period will NOT be considered.
 - **Reevaluation process:** The students' class assignments or exam answer scripts will be reevaluated by the internal committees assigned by the respective department. Please note that the students' marks may or may not be adjusted after the reevaluation process and it is considered as a "final consensus" between the students and the committees.

August 27, 2010 (Friday) : Last day to withdraw with "W"
(Withdrawing after this date, the students need a chairperson's approval.)

CLASS REQUIREMENTS

INDIVIDUAL ASSIGNMENTS, PRESENTATIONS AND PARTICIPATION(15%)

Throughout the semester, students will be assessed based on the individual work or assignments, presentations and individual participation in the class. Students are therefore required to put in genuine efforts in preparing the assignments and presentations. Students are also encouraged to prepare and contribute regularly to class discussions. This is an opportunity to further improve the understanding of the subject matter by sharing ideas and analysis with the rest of the class.

The details of the assignments are as followed.

Assignment 1: "The Foreign Exchange System and its Impact" (4%)

Students are required to study the exchange rate system of the assigned countries, the benefits of the system and the government intervention policies and its effect on the exchange rate system over the past six months period. .

Due date: Week of July 12, 2010 (Submission in corresponding section date)

Assignment 2: "An Analysis of the Relationship between Inflation or Interest Rates on the Exchange Rates" (4%)

Students are required to apply suitable theories to conduct an analysis of the inflation/interest rates-exchange rate relationships and explain the implications of the analysis. Data for the analysis are to be obtained for the period 2008-2009. Also explain the technique of analysis used in the assignment.

Due date: Week of August 30, 2010 (Submission in corresponding section date)

Assignment 3: "The International Finance Case Study" (7%)

Students will be given international finance related case to prepare a typewritten integrative analysis with oral presentation. The analysis must cover the topics discuss through out the semester.

Each section is assigned the following country category and is not allowed to change;

Section	Country Category
401	South East Asian Countries
402	Latin America
403	BRIC Countries (Brazil, Russia, India and China)
404	Eastern European Countries
405	South African Countries

EVALUATION OF STUDENT PERFORMANCE

Student case analysis and presentation skills, if time allowed, will be evaluated objectively based on specific scoring criteria as follows

- a. **Content:** ideas (novelty, clarity), value of content, logic/reasoning, justification
- b. **Method of the study:** the appropriate technique relevant to the topic
- c. **References:** the appropriate review of related work on the topic study
- d. **Presentation style:** personal appearance (posture, expression), speaking (articulation, projection), energy, interest, audience contact
- e. **Organization:** opening and concluding remarks, flow of ideas, teamwork
- f. **Mechanics:** grammar, gestures, pace of speech
- g. **Use of media:** linking media with speaking, linking media with other media (if applicable), knowledgeable handling of media, general appearance of media materials (legibility, layout)