

Course Title	:	International Financial Management
Course Code	:	FIN3352
Recommended Study Year	:	2 or 3
No. of Credits/Term	:	3
Mode of Tuition	:	Sectional Approach
Class Contact Hours	:	3 hours per week
Category in Major Programme	:	Stream Elective – Finance Stream
Prerequisite	:	BUS2201 Financial Management
Restriction	:	Students are not allowed to take both this course and ECO4306 International Finance

Brief Course Description

This course provides students with the principles and techniques relevant to financial planning, risk management, investment, capital raising and performance appraisal for multinational business operations.

Aims

Students taking this course should expect to learn the nature and purposes of financial management in the international context. They will gain knowledge of international investment and financing techniques.

Learning Outcomes (LOs)

On completion of this course, students will be able to:

1. Describe the international financial environment and international financial markets.
2. Describe the foreign exchange, futures, forward and options markets.
3. Explain exchange rate determinants and behaviors
4. Measure and manage exposure to exchange rate risk.
5. Deal with special asset and liability issues of multinational corporations.

Indicative Contents

International Financial Systems and Markets

The International Financial Markets

The Foreign Exchange Market - Spot, Forward, Futures and Options market

Exchange Rate Determinants and Behavior

Relationships among inflation rates, interest rates, and exchange rates

Forecasting exchange rates and the parity conditions - International arbitrage and interest rate parity

Exchange Rate Risk Management

Measuring exposure to exchange rate fluctuations

Managing exposure to exchange rate fluctuations

Asset and Liability Management

Financing multinational corporations (MNCs)

International financing and equity issuance

Multinational cost of capital

The MNC's Capital Structure Decisions

Investment decisions of MNCs

Teaching Method/Activities

Class activities will include lectures and class discussions. Concepts and theories will be delivered and reinforced during class session. Students are strongly recommended to participate in class discussion related to the course. They are required to read assignments and do assigned homework before coming to class.

Measurement of Learning Outcomes

1. The Final Examination consists of largely analytical conceptual questions and workout problems while the two Tests are set to assess students' comprehension of basic concepts, principles and application of theories as well as mastery of financial problem-solving techniques and skills. (LO1) (LO2) (LO3) (LO4) (LO5)
2. Group Project evaluates students' ability to integrate the knowledge learnt in the course and apply it to analyse real life situation. (LO1), (LO2), (LO3), (LO4), or (LO5)

Assessment

Continuous Assessment: Group Project 15%

This team-based project requires students to research on an assigned topic or to do a case study in international financial management. Students will report their findings in the form of class presentation and written report.

Continuous Assessment: Two Tests 35%

Tests will use conceptual and computational questions (using mainly objective tests) to test students' understanding of theories and concepts and mastery of basic skills and tools commonly used in solving financial problems.

Examination: Final Examination 50%

Final examination will rely more heavily on analytical conceptual questions and workout problems to assess students' comprehension of principles and application of theories as well as students' financial problem-solving skills.

Required/Essential Reading

International Financial Management (hard copy) by Jeff Madura, Latest Edition, Cengage Learning.

Recommended/Supplementary Readings

Michael H. Moffett, Arthur I. Stonehill, and David K. Eiteman, *Fundamentals of Multinational Finance*, 5th Edition, Pearson/Prentice Hall, 2015.

Choel Eun, and Bruce Resnick, *International Financial Management*, 7th Edition, McGraw-Hill, 2015.

Recommended Financial Newspaper

The Financial Times

The Wall Street Journal

Important Notes

- (1) Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.
- (2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.
- (3) Students are required to submit writing assignment(s) using Turnitin.
- (4) To enhance students’ understanding of plagiarism, a mini-course “Online Tutorial on Plagiarism Awareness” is available on <https://pla.ln.edu.hk/>.