

<b>Course Title</b>	:	International Financial Management
<b>Course Code</b>	:	FIN3352
<b>Recommended Study Year</b>	:	2 or 3
<b>No. of Credits/Term</b>	:	3
<b>Mode of Tuition</b>	:	Sectional Approach
<b>Class Contact Hours</b>	:	3 hours per week
<b>Category in Major Programme</b>	:	Stream Elective – Finance Stream
<b>Prerequisite</b>	:	BUS2201 Financial Management
<b>Restriction</b>	:	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**

Jeff Madura, *International Financial Management*, Cengage Learning, the latest edition.

### **Recommended/Supplementary Readings**

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

Choel Eun, and Bruce Resnick, *International Financial Management*, 7<sup>th</sup> 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/>.