



**BCLA BUSN 3373
International Finance**

CAPA BARCELONA PROGRAM

Course Description

The International Finance module provides an understanding of finance in the international context. In a globally integrated world, it has become imperative to trade, invest and conduct business operations internationally. The course exposes the students to the opportunities and risks associated with international finance. As the world has become more integrated due to deregulation of financial markets, product innovation and technology, capital markets have kept pace with this integration. The study of international finance has therefore become essential and builds upon the understanding of theoretical concepts of finance and their adaptation to the international context. The course coverage includes historical perspectives and foundations of international finance, the foreign exchange markets and exchange rate determination, exposure management, financial management of a multinational firm. The course also helps students examine the current economic landscape through topical discussions of current economic and political development and their impact on international finance.

Course Aims

The broad aims of the course are to provide students with the necessary understanding of how international financial markets work, how exchange rates and why currency values fluctuate, and how to manage risk in the global markets. In addition, the course will support student learning through site visits to cultural and financial centers and provide an in-depth understanding of the process and techniques used to make international investment decisions.

Requirements and Prerequisites

Students must have a business background and have taken an introductory finance course. The course emphasizes this academic area from a global perspective. Students with a high degree of motivation and desire to learn about the international and global aspects of business will benefit from this course.

Learning Outcomes

- a) After taking this course, students should be able to:
- b) Gain a broad understanding of the key issues in international finance.
- c) Develop an understanding of the political and economic context within which international finance operates.
- d) Apply the various theoretical aspects of the principles of finance in an international context.
- e) Gain a good working knowledge of the operations and key issues surrounding international capital flows, foreign direct investment, foreign exchange rate determination and exposure management, international capital markets and institutions, and develop an understanding of how the financial management of a multinational firm works.

Developmental Outcomes

Students should demonstrate: responsibility & accountability, independence & interdependence, goal orientation, self-confidence, resilience, appreciation of differences.

Class Methodology

This class will be participative and will require students to contribute individually and as part of a team. The course content and delivery will create a framework where students reflect critically on the weekly discussion topics. The students will be expected to devote an hour per day keeping up with the current issues in international finance. (Expected reading sources should include The Economist, Financial Times and The Wall Street Journal). The teaching and learning methods will be a blend of the following:

Lectures

Reflections & observations

Readings on current topics

Class discussions

Student presentations and/or a research paper.

Field Components

CAPA provides the unique opportunity to learn about the city through direct, guided experience. Participation in field activities for this course is required. You will actively explore the city in which you are currently living. Furthermore, you will have the chance to collect useful information that will be an invaluable resource for the essays/papers/projects assigned in this course.

We will visit La Lonja de Mar (the antique Chamber of Commerce) to follow-up history on Securities Trading for an International Port City.

We will visit the City Cathedral as the hub for mercantile relations between Aristocrats and Burgeois, with the blessing of the Religion.

We will also visit the Santa María del Mar Church (People's Cathedral of the Sea), built as a hub after the strong relation between the Shylocks & Shippers & Stevedores, crucial links over the Export-Import Business even in the middle age.

The assigned field component(s) are:

Students are also strongly encouraged to participate in **co-curricular** program activities

Mid-Term & Final Exams

The mid-term and final exam consist of either short questions with open answers on topics covered in class to date (45 minutes) and/or short essay writing on thematic clusters (2 hours). More elaboration and instructions will be provided by the instructor after the first week of classes.

Assessment/Grading Policy

Descriptor	Alpha	UK	US	GPA
Excellent	A	75+	93+	4.0
	A-	70-74	90-92	3.7
Good	B+	66-69	87-89	3.3
	B	63-65	83-86	3.0
	B-	60-62	80-82	2.7
Average	C+	56-59	77-79	2.3
	C	53-55	73-76	2.0
Below Average / Poor	C-	50-52	70-72	1.7
	D+	46-49	67-69	1.3
	D	40-45	60-66	0.7 1.0
Fail	F	<40	<60	0

Grade Breakdown and Assessment of Learning Outcomes

Assessment Task	Grade %	Learning Outcomes	Due Date
Class participation/Small group discussion	10%	All	Weekly
Mid-term exam Short questions (5%) and/or Essay (15%)	20%		Week 5
Group Oral Presentation 1 X 15-20 min. group presentation	20%		Week 12
Individual Research Paper	20%		Week 13
Final Exam Short questions (10%) and/or Essay (20%)	30%		Week 14

Assignments

Students must complete all required components for this course by the established deadlines. Failure to do so will result in a reduction of the course grade and may result in a grade of F for the course in question.

Provide an outline of your essay, the theoretical background, data and findings of your case study and the conclusions. Please note that this presentation is a group effort and should be limited to 10 slides and 15 minutes (max). There will be a Q&A session following the presentation. The students will be given feedback on their presentations and will be expected to incorporate this feedback into their final research paper submissions.

Research Paper Guidelines

Select any one of the topics that we will be covering in this course. Bear in mind that these topics/chapters are rather broad and you will need to narrow down your research topic significantly. You should identify a small aspect of the theoretical discussion that interests you and focus sharply on it. In other words, you should not be providing a general overview of the chapter(s).

The next step is to identify a case study or identify sufficient data that fits your selected topic. You may choose current or recent economic/financial events or alternatively examine an event/s from a historical perspective. The course outline provides you ample guidance on sources of such data. (Please do not start with a case study and then try to find the theoretical basis for it. This will not be efficient.)

The final step will be to provide a thorough analysis. How does the case study or evidence fit into the theoretical discussion? Are the facts consistent with the theory? Explain why (or why not). What lessons did you learn from this project? This analysis will carry the highest weight for this assignment.

To obtain an A grade, the submission will have to meet ALL three requirements: (1) theoretical discussion; (2) good presentation of case study; and (3) thorough analysis. Any submissions that do not meet all the criteria will be downgraded.

All papers may be written in a style with which you are comfortable, writing in either first or third person and, if this helps your expression and organization of ideas, you may use headings to aid the structure. However, whatever style you adopt, remember that this is an academic assignment, and you should cite references where appropriate to all sources. In the body of the text, references should state in parenthesis, the author's family name followed by the year of publication – (Smith, 2013). At the end of the paper, you must insert a bibliography containing only those works cited in the essay.

You will provide 2 status updates through the term (Weeks 6,11) on the progress you have made to date on your projects. These updates can either be an oral or a written brief report which will enable the instructor to provide you with the necessary guidance and feedback. It is important that you come well prepared for these status updates.

Localized Context

The students are required to identify relevant research paper topics within the localized context of Spain and Europe to benefit from their presence in Barcelona, Spain, and Europe. These research paper topics should be discussed with the instructor in advance. Preparatory work would include developing good reading sources such as the Financial Times, the Economist, and the Wall Street Journal to gain a better understanding of the localized context.

Dress Code Casual – Smart Casual

Required Readings

Eun, C., Resnick, B. (2014) – International Finance (McGraw Hill, 7th Global Edition).

It is fine to use later editions or online versions of the textbook. You could obtain used copies of the book at substantial discounts through the online marketplace. The book is also available for electronic download through the publisher.

The international financial sections of the Wall Street Journal, Business Week, the Economist and Financial Times are recommended reading for this course. Students should either have a subscription, or access, to a copy of these publications. Other readings relevant to the subject matter being discussed will be assigned during the semester. References taken from Wikipedia are not acceptable.

Recommended Reading(s)

Use will be made of selected excerpts and handouts drawn from Journal, magazine and newspaper articles on current events, PowerPoint slides prepared by the authors of the textbooks and by the instructor. These will be distributed and discussed in class during the course duration.

Books

Shapiro, A. (2003). "Multinacional Financial Management". Wiley (7ed)

Rahnema, A. (2007). "Finanzas Internacionales". Ediciones Deustoç

Newss Paper & Magazine Articles

World Finance: top 5 Econ Risk Factors that must be considered

The Economist: BurgerEconomicts – The BigMac Index

New York Times: Yellen calls for a Global Tax Rate

La Vanguardia (Barcelona): Crypto-Currencies Creation

El Pais (Madrid): Argentina Perpetual Crisis

New York Times: Inflation Warnings

Weekly Course Schedule

WEEK 1	
Session 1:	1. International Finance – part 1
Meeting time and Venue	To be determined
In–class activity	Introductions, student interests, relevant prior coursework & experience Course map, format, required work and assessments Review of research paper guidelines – detailed guidelines posted in this syllabus.
Out–of–class activity	
Readings	Chapter 1
Assignments	TBD
Notes	
WEEK 1	
Session 1:	2. International Monetary System & Balance of Payments – part 1
Meeting time and Venue	To be determined
In–class activity	Historical perspectives of the International Monetary System Gold standard
Out–of–class activity	-
Readings	Chapter 2,3
Assignments	TBD
Notes	
WEEK 2	
Session 2:	3. 3. International Monetary System & Balance of Payments – part 2
Meeting time and Venue	To be determined
In–class activity	
Out–of–class activity	Exchange rate regimes – pegs, fixed, floating, currency boards, etc.
Readings	Chapter 2,3
Assignments	TBD
Notes	
WEEK 2	
Session 2:	4. International Monetary System & Balance of Payments – part 3
Meeting time and Venue	
In–class activity	The Euro and European Monetary System
Out–of–class activity	-
Readings	Chapter 2,3
Assignments	TBD
Notes	
WEEK 3	
Session 3:	5. International Monetary System & Balance of Payments – part 4

Meeting time and Venue	To be determined
In–class activity	
Out–of–class activity	Review of historical currency crises
Readings	Chapter 2,3
Assignments	TBD
Notes	
WEEK 3	
Session 3:	6. International Monetary System & Balance of Payments – part 5
Meeting time and Venue	-
In–class activity	Overview of Balance of Payments
Out–of–class activity	-
Readings	Chapter 2,3
Assignments	TBD
Notes	
WEEK 4	
Session 4:	7. Foreign Exchange Markets, Exchange Rate Determination & Currency Derivatives – part 1
Meeting time and Venue	To be determined
In–class activity	Function & structure of the foreign exchange market International finance in practice – market mechanics
Out–of–class activity	-
Readings	Chapter 5
Assignments	TBD
Notes	
WEEK 4	
Session 4:	8. Foreign Exchange Markets, Exchange Rate Determination & Currency Derivatives – part 2
Meeting time and Venue	-
In–class activity	Spot & forward rate determination Interest Rate parity
Out–of–class activity	-
Readings	Chapter 6
Assignments	TBD
Notes	
WEEK 5	
Session 5:	9. Foreign Exchange Markets, Exchange Rate Determination & Currency Derivatives – part 3
Meeting time and Venue	-

In-class activity	Interest rate parity (contd.) Purchasing Power Parity & International Fisher Effect
Out-of-class activity	-
Readings	Chapter 5
Assignments	TBD
Notes	
WEEK 5	
Session 5:	10. Foreign Exchange Markets, Exchange Rate Determination & Currency Derivatives - part 4
Meeting time and Venue	To be determined
In-class activity	Forecasting foreign exchange rates Foreign exchange futures & options
Out-of-class activity	-
Readings	Chapter 6
Assignments	TBD
Notes	
WEEK 6	
Session 6:	11. Foreign Exchange Markets, Exchange Rate Determination & Currency Derivatives - part 5
Meeting time and Venue	To be determined
In-class activity	Other hedging strategies - Money Market Hedge Carry trades
Out-of-class activity	-
Readings	Chapter 7
Assignments	TBD
Notes	
WEEK 6	
Session 6:	12. MID-TERM EXAM
Meeting time and Venue	To be determined
In-class activity	Mid-term exam in class hours
Out-of-class activity	-
Readings	TBD
Assignments	TBD
Notes	
WEEK 7	

Session 7:	13. Field Study: Visit to 22@, Barcelona start-up area
Meeting time and Venue	To be determined
In-class activity	Visit to 22@, Barcelona start-up area
Out-of-class activity	-
Readings	TBD
Assignments	TBD
Notes	
WEEK 7	
Session 7:	14. World Financial Markets & Institutions – part 1
Meeting time and Venue	To be determined
In-class activity	
Out-of-class activity	International Banking & Money Markets International Bond Markets
Readings	Chapter 11,12
Assignments	TBD
Notes	
WEEK 8	
Session 8:	15. World Financial Markets & Institutions – part 2
Meeting time and Venue	To be determined
In-class activity	International Equity Markets Research paper 1st status update
Out-of-class activity	-
Readings	Chapter 13
Assignments	Research Paper 1st Status Update
Notes	
WEEK 8	
Session 8:	16. Field Study – Guest Lecturer
Meeting time and Venue	To be determined
In-class activity	Guest Lecturer or Field Study Activity: Details TBC by Instructor.
Out-of-class activity	-
Readings	TBD
Assignments	TBD
Notes	
WEEK 9	
Session 9:	17. World Financial Markets & Institutions – part 3
Meeting time and Venue	To be determined
In-class activity	Interest Rate & Currency Swaps International Portfolio Investment
Out-of-class activity	-

Readings	Chapter 14,15
Assignments	TBD
Notes	
WEEK 9	
Session 9:	18. Foreign Exchange Exposure & Management
Meeting time and Venue	
In–class activity	Management of Economic, Transaction & Translation exposure
Out–of–class activity	-
Readings	Chapter 8, 9, 10
Assignments	TBD
Notes	
WEEK 10	
Session 10:	19 Financial Management of the Multinational Firm – part 1
Meeting time and Venue	To be determined
In–class activity	Foreign Direct Investment & Cross Border Acquisitions International Capital Structure & the Cost of Capital
Out–of–class activity	-
Readings	Chapter 16, 17
Assignments	Research Paper 2nd Status Update
Notes	
WEEK 10	
Session 10:	20 Financial Management of the Multinational Firm – part 2
Meeting time and Venue	To be determined
In–class activity	International Capital Budgeting Multinational Cash Management
Out–of–class activity	-
Readings	Chapter 18, 19
Assignments	TBD
Notes	
WEEK 11	
Session 11:	21. Financial Management of the Multinational Firm – part 3
Meeting time and Venue	To be determined
In–class activity	International Trade Finance International Tax Environment and Transfer Pricing
Out–of–class activity	-
Readings	Chapter 20, 21
Assignments	TBD
Notes	
WEEK 11	
Session 11:	22. Oral Presentations
Meeting time and Venue	To be determined

In-class activity	Group Final Presentations. Group presentation limited to 10 slides & 15 minutes (max)
Out-of-class activity	-
Readings	TBD
Assignments	TBD
Notes	
WEEK 12	
Session 12:	23. Oral Presentations
Meeting time and Venue	To be determined
In-class activity	Group Final Presentations. Group presentation limited to 10 slides & 15 minutes (max)
Out-of-class activity	-
Readings	TBD
Assignments	TBD
Notes	
WEEK 12	
Session 12:	24. Review class and Final Debate
Meeting time and Venue	To be determined
In-class activity	Reviewing content of the previous sessions, explanation of the exam, problem solving. FINAL DEBATE
Out-of-class activity	-
Readings	TBD
Assignments	Individual Research Paper Submission deadline
Notes	
WEEK 12	
Session 12:	25. FINAL EXAM
Meeting time and Venue	To be determined
In-class activity	
Out-of-class activity	-
Readings	-
Assignments	-
Notes	

Attendance, Participation & Student Responsibilities

Attendance: CAPA has a mandatory attendance policy. Attendance is taken at the beginning of every class. The first time a student has an unexcused absence for a class, their grade will not be impacted. The second time a student has an unexcused absence in that class, it will result in a 3 percent reduction of the final grade (for example: an A- [92] will become a B+ [89]). The student will be placed on academic probation at this time. Three unexcused absences per class will result in failure of the course. A pattern of three absences in more than one course will result in dismissal from the program. If a student arrives late for a scheduled class, it is the student's responsibility to notify the instructor to ensure that they are added to the class register for the session.

Excused Absences: Absences are only excused for medical reasons, for a family emergency or for a religious holiday. To request an excused absence, students must contact excusedabsencesbarcelona@capa.org ahead of time and provide evidence (e.g., a doctor's note) of the reason for their absence, otherwise the absence will not be excused. Even if the student knows the absence will not be excused, the student should still contact CAPA to inform CAPA they will not be in class. In addition to contacting excusedabsencesbarcelona@capa.org it is the responsibility of the student to contact their instructor and make up any missed assignments.

Class Participation: Students are expected to participate in all classes and to participate actively and critically in class discussions, and the participation portion of the class will be graded accordingly. Students must read assigned reading BEFORE the class and arrive at the session on time. Participation is a vital part of students' grade: students are expected to participate in class and in online forums and discussions in a critical and evaluative manner; to interact with the faculty and fellow students with respect and tolerance; and to actively engage in discussion. Derogatory or inflammatory comments about the cultures, perspectives or attitudes of others will not be tolerated.

Academic Accommodations: Any student who feels they may need an accommodation based on the impact of a physical, psychological, medical, or learning disability should contact the instructor and/or the Director of Academic Affairs privately to discuss their specific needs. Students requesting accommodations must have their home institution's Disabilities Services or an appropriate licensed professional or healthcare provider submit official documentation directly to CAPA in a timely manner outlining their specific needs. If the documentation is submitted by a provider other than the home institution's Disabilities Services, it must be someone familiar with the history and functional limitations of the student's disability (not a relative or family member of the student). Any required accommodations will be approved by CAPA's Vice President for Academic Affairs, in consultation with relevant Academic Directors, before being relayed to faculty. Any student who requires an accommodation based on official documentation should also discuss their needs directly with their instructor.

Academic Integrity: A high level of responsibility and academic honesty is expected. Because the value of an academic course depends upon the absolute integrity of the work done by the student, it is imperative that a student demonstrates a high standard of individual honor in their scholastic work and class behavior. Plagiarism, self-plagiarism, and cheating can result in dismissal from the program. Self-plagiarism, copying an assignment entirely or partially to submit to a different class in an attempt to receive credit twice for one piece of work is unacceptable and considered cheating by duplication. Student's risk receiving a "0" for any assignments in which they have duplicated their own work. All substantial writing assignments will be run through the plagiarism checking software Turnitin when submitted via CANVAS. See CAPA's Academic Standards and Policies for more information and resources on plagiarism.

Sexual Misconduct, Required Reporting, and Title IX: CAPA: The Global Education Network is committed to encouraging a safe and healthy environment at our CAPA centers. This commitment includes the understanding of, and applicable adherence to, the guidelines outlined in Title IX of the Education Amendments of 1972. Title IX necessitates that US universities provide equity in all educational programs and activities without sex discrimination. CAPA understands the implications of Title IX compliance for our institutional partners and thus endeavors to support this compliance as a vital aspect of partnership. The safety and security of all students during a program is a matter of crucial importance to CAPA. To facilitate this, CAPA encourages students to openly disclose any and all information that is Title IX relevant so that CAPA staff can provide support and connect students with appropriate resources. Because students may not understand the implications of Title IX abroad, CAPA will work to advise students about the resources available through Title IX and explain the importance of compliance in Title IX reporting. CAPA will work to build student confidence in CAPA's status as a mandated reporter by outlining the advantage of disclosure for the student, reassuring them that any information disclosed will not be used in an inappropriate manner, and stressing that individuals will only be informed on a need-to-know basis.

Use of Electronic Equipment in Class: All devices such as laptops, i-pods, i-pads, netbooks, notebooks and tablets, smartphones, cell phones, etc. are NOT allowed unless students have express permission from the faculty, or they have been instructed to do so. If students require an accommodation to use any type of electronic equipment, they must inform the Director of Academic Affairs at the beginning of term.

Use of Electronic Translators: In language courses students are NOT allowed to use electronic translators for writing texts in the target language: those submitting compositions and texts of whatever kind translated in such a fashion will receive a “0” (F) grade for the course.

Late Submission: Late submission of papers, projects, journal entries, pieces of homework and portfolios is only permitted with prior approval. A request for an extension must be made to the relevant faculty member no later than two days prior to the due date. Late submission without prior approval will result in a 3 percent per day deduction of the final grade. In either case, work cannot be submitted after feedback has been provided to the rest of the class on the relevant assessment or one week after the due date whichever comes first, after which point a grade of “0” (F) will be given for the assessment.

Behavior during Examinations: During examinations, students must do their own work. Unless specifically instructed by the lecturer or instructor, talking during an exam is not permitted, and students may not access online resources of any kind, compare papers, copy from others, or collaborate in any way. Any failure to abide by examination rules will result in failure of the exam and may lead to failure of the course and disciplinary action.