

Course title		International Finance				ECTS code		14.3.EM.KZ.519			
						ECTS credits		6			
Name of unit administrating study		IHZ	Field of study		MSG**	Field of specialisation		IB;			
Teaching staff		Magdalena Markiewicz, Ph.D. ; Urszula Mrzygłód, PhD ; Joanna Adamska-Mieruszewska, Ph.D.									
Number of hours											
Lectures	30	Classes	15	Tutorials	0	Laboratory		Seminars	0	Language classes	0
Forma aktywności						Year&Type of studies*		1 SS2,			
Hours with the participation of the academic teacher (including office hours, exams, others):					90	Semester:		1,			
Hours without the participation of the academic teacher (student's self-study, homeworks):					60	Type of course:		obligatory			
Total number of hours:					150	Language of instruction:		English			
Teaching form	in-class learning										
Teaching methods	Lectures including multimodal presentations, Collaborating, group activities, Activating methods in training classes,										
Prerequisites (required courses and introductory requirements)											
Required courses	None										
Introductory requirements	Basic knowledge of macroeconomics and international economic relations. Ability to solve math problems: algebra.										
Assessment method, forms and criteria											
Assessment method	Exam										
Assessment criteria	<p>Lecture part of a course will be assessed in the form of written examination. The examination evaluates knowledge from the lectures and a reading study. The examination form will be based on the test questions and open questions.</p> <p>Classes part will consist of an active participation in the activities: problem solving in groups and individually (25% weighting), homework tasks (20%) and the final colloquium (55%).</p>										
Course objectives											
The basic aim of the subject is getting acquaintance by the students with financial aspects of corporate functioning in the financial markets and with trends and processes belonging to international economics, that create international macroeconomic environment of companies and institutions acting in the international scale.											
Learning outcomes											
Knowledge	MSG2_W02	The student knows the terminology and has an extended knowledge in international economics and international economic relations, in particular the all issues relating to: exchange rate regimes, monetary policy, balance of payments, economic and financial integration. The student recognizes relations between interest rates, exchange rates and inflation.									
	MSG2_W03	Student names and describes the relationship between the domestic and international markets and characterizes the importance of financial regulatory and supervisory institutions for functioning of international markets.									
	MSG2_W06	The student recognizes the objectives and areas of international financial management companies.									
	MSG2_W08	The student has widened knowledge about methods and tools of analysis of the economic performance of entities operating in international business.									
	MSG2_W10	The student recognizes the trends in the international monetary system and the financial system and characterizes the process of its evolution.									
	MSG2_W15	The student has a thorough knowledge of the business and enterprises at the international markets, including foreign direct investments. Student recognizes the specific features of functioning of the companies and financial institutions in the international markets. Student recognizes the importance of political risk in this range.									
Verification of learning outcomes - Knowledge											

Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project
MSG2_W02	X		X		X			X			
MSG2_W03	X										
MSG2_W06	X		X		X			X			
MSG2_W08					X			X			
MSG2_W10	X										
MSG2_W15	X		X		X			X			

Skills		
MSG2_U01	The student analyzes the relationship between economic phenomena belonging to international economics. In particular, he/she can properly interpret and explain the relationship between interest rates, exchange rates and inflation; he/she understands and identifies relations occurring in an open economy.	
MSG2_U04	The student analyzes economic relations with the usage of chosen statistical data and economic indicators. Student makes observations and is able to define the influence of contemporary macroeconomic environment for companies' decisions within the area of internationalization of their activities and financial situation.	
MSG2_U08	The student searches the sources of data in order to verify the assessment of the selected problems in international finance. The student can evaluate the effectiveness of financial and investment decisions of companies using mathematical and statistical methods.	
MSG2_U11	Student identifies basic types of risks in the activities of economic entities, associated with international operations, including in particular the political and foreign exchange risk. He/she can assess the consequences of these risks for cost of financing and investment efficiency.	
MSG2_U13	A student uses a precise conceptual language of international finance by preparation of written work on selected issues of international finance.	

Verification of learning outcomes - Skills

Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project
MSG2_U01	X										
MSG2_U04	X		X					X			
MSG2_U08	X		X		X			X			
MSG2_U11	X		X					X			
MSG2_U13	X				X						

Attitudes		
MSG2_K02	The student understands the importance of responsibility for own and group work practicing own entrepreneurial skills.	
MSG2_K05	The student actively participates in the activities and take the initiative in the implementation of the assigned tasks to be worked out.	

Verification of learning outcomes - Attitudes

Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project
MSG2_K02					X			X			
MSG2_K05					X			X			

Course contents

Lectures

1. Objectives of financial management in the international context. Introduction to the course. Foreign exchange market - participants, instruments, transactions.
2. Functions of the fx market. Foreign exchange market - exchange rates and quotations. The determinants of currency exchange rates volatility. Study examples of currency rates, IMF methodology and classification.
3. World currencies: definition and importance. The role of the major currencies of the world. International currency. The matrix of Cohen. BIS classifications. Safe haven currency. US dolar and Chinese renminbi - case study.
4. International financial markets. Global and regional financial centers of the world. Offshore financial centers. Theory of currency unions: traditional and new approach as a result of recent macroeconomic research. Currency areas - definition, role and importance.
5. International tax planning. Tax havens and the activities of companies abroad. Transfer pricing. Anti-money laundering regulations. International taxation of companies. Foreign income taxation at an international company. Double taxation - international agreements.
6. Foreign direct investment and development strategy of the company. Basic conditions and variables of the selection in the process of foreign investment. International mergers and acquisitions.
7. Contemporary macroeconomic environment and the effectiveness of monetary and fiscal policy under IS-LM-BP model.
8. Parity relations and forecasting exchange rates. Exchange rate determination under BB-NN model.
9. Financial markets integration: definition and measurement methods. Home bias in financial markets. The processes of stock exchanges consolidation. Benefits and costs of participation in the international financial market. Foreign portfolio investment - estimating the rate of return. Characteristics of participation channels in the international financial market.
10. The international cost of capital. Valuation of capital assets on an international scale with the capital asset pricing models - ICAPM model. Cost of capital and capital structure for overseas investment. Determinants of the cost of capital among countries.
11. Multinational cash management. Bilateral Netting of Internal and external Net Cash Flows. Reduction in Precautionary Cash Flows. Banking support for multinational cash management.
12. The financial crises in advanced and emerging economies - impact for financial markets and companies. Regulatory and supervisory institutions and measures.
13. Specific problems of modern international finance on the example of rating agencies and financial crises. The case study of Argentina and Greece. Credit ratings for countries - S&P, Moody's and Fitch Ratings approaches to country ratings - procedure and considered measures, the impact on company valuation.
14. Foreign investment of the companies: capital budgeting for an international company. Capital budgeting methods.
15. Policies and methods of evaluation for international projects. The effects of changes in interest rates and exchange rate movements on the value of foreign projects. Country risk and political risk. The main methods of assessment of political risk.

Classes

1. The time value of money in international finance context. Annuities. Credit schedules. The cost of debt. The effective interest rate debt in foreign currency - workshops.
2. International company's cash flows. The case study of parent and project cash flow analysis. Tax factors. Regulations and restrictions on fund transfers. Salvage value. Exercises and calculations.
3. Political risk analysis. Expropriation and blocked funds. The case study of a multinational company.
4. Capital budgeting analysis for an international company. Exchange rate fluctuations. Scenario analysis using different exchange rate scenarios - case studies. Real options.
5. The cost of capital for international entity compared to domestic firms. Effective interest rate of the loan in foreign currency. Effect of interest rate and foreign exchange rate on the cost of capital. Sources of funding for international companies. International financial instruments: types and characteristics.
6. Valuation of capital assets on an international scale with the capital asset pricing models - ICAPM model.

7. International parity conditions. Purchasing parity conditions. Fisher effect. International Fisher effect. Case studies.

Recommended reading lists

Obligatory reading:

 D.K. Eiteman, A.I. Stonehill, M.H. Moffet, *Multinational Business Finance*, Pearson Education, New York 2007, 2010 or 2016.

Additional reading:

 D. Salvatore, *International Economics*, Prentice Hall, New Jersey, 12 th Edition, January 2016.

 J.R. McGuigan, W.J. Kretlow, R.C. Moyer, *Contemporary Corporate Finance*, South Western/Cengage Learning 2009.

 J. Madura, *International Corporate Finance*, South Western Cengage Learning, 2008, 2010.

 P. Sercu, *International Finance. Theory into Practice*, Princeton University Press.

 L.S. Goldberg, *Is the International Role of the Dollar Changing?*, Current Issues in Economics and Finance", Federal Reserve Bank of New York, January 2010, Nr 16.

 U. Mrzygłód, J. Adamska-Mieruszewska, *Depositary receipts in corporate financing. Evidence from selected Central and Eastern European countries*, Aktual'ne Problemi Ekonomiki = Actual Problems of Economics. - 2013, no. 10 (148), p. 362-370.

 U. Mrzygłód, S. Nowak, *Stock exchanges go public: the case of Warsaw stock exchange*, Journal of International Studies, 2013, Vol. 6, no. 2, p. 111-123.

 J. Adamska-Mieruszewska, M. Mosionek-Schweda, *Foreign investments in the portfolio of the Polish open pension funds in 1999-2016*, Zeszyty Naukowe Politechniki Poznańskiej, Organizacja i Zarządzanie, 2017, nr 73, p. 5-20.

 M. Markiewicz, *Determinants of the evolution of Asian financial centers*, International Business and Global Economy, 2016, nr 35/2, p. 173-185.

 T. Bieliński, M. Markiewicz, M. Mosionek-Schweda, *Do government interventions affect China's stock market? Case study analysis of the asset bubble in 2015-2016*, Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu & "The Development challenges of Asia-Pacific countries" 2017, nr 486, p. 217-227.

Contact

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* SS1- undergraduate studies * SS2 - graduate studies * SDang - doctoral studies

** MSG - International Economic Relations