

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 based on the test questions and open questions. The examination evaluates knowledge from the lectures and a reading study.</p> <p>Classes part: solving tasks during classes, homework, tests - also using the Moodle Educational Platform. The grading scale is determined in accordance with the Regulations of Studies.</p>									
Course objectives											
<p>The basic aim of the subject is getting acquaintance by the students with financial aspects of corporate functioning in the financial markets.</p> <p>The subsequent aim is to gain understanding of the processes belonging to international economics, that create international macroeconomic environment of companies and institutions acting in the international scale.</p>											
Learning outcomes											
Knowledge	MSG2_W02	The student is able to use his knowledge to formulate and solve complex problems related to the functioning of economic entities on the international financial market, with particular emphasis on the European Union market.									
	MSG2_W03	The student knows and understands the economic ties between economies, ie currency and financial integration, exchange rate systems, international agreements on investments and taxes. The student recognizes the relationship between interest rates, exchange rates and inflation.									
	MSG2_W04	The student has in-depth knowledge of enterprises operating on an international scale, he also understands organizational changes taking place in enterprises along with the increase in the degree of internationalization of activities and recognizes the processes leading to changes in these structures, including international mergers and acquisitions, and direct investments.									
	MSG2_W05	The student has in-depth knowledge of the activities of enterprises within the global economy, understands the importance of changes taking place in the global economy on the functioning of international enterprises, including direct investments, the possibility of acquiring and the cost of capital.									
	MSG2_W09	The student has in-depth knowledge of the functioning of contemporary people multinational companies in the field of finance.									

	MSG2_W10	The student has in-depth knowledge of the financial, political and macroeconomic conditions of the functioning of international enterprises, which affect the economic decisions made by these enterprises. The student understands the importance of regulatory and supervisory institutions for the functioning of international financial markets.
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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								
MSG2_W03	X		X		X						
MSG2_W04	X										
MSG2_W05	X		X					X			
MSG2_W09	X		X								
MSG2_W10	X				X			X			

Skills	MSG2_U01	MSG2_U02	MSG2_U03	MSG2_U04	MSG2_U06	MSG2_U09	MSG2_U16
	The student is able to analyze in detail and creatively complex and complex economic phenomena, i.e. expropriation of direct investments, exit or start-up on a given market, international mergers and acquisitions, or raising capital on international financial markets, using the knowledge possessed in the field of international economics and international finance.						
	The student is able to critically assess changes and trends taking place in international financial markets, in financial centers and in individual economies; can present his own views on these changes and interpret the necessary economic data, as well as use the principles of the time value of money and parity relationships to forecast changes in the effectiveness of direct and portfolio foreign investments and to analyze financing costs.						
	The student is able to identify and analyze the relations between enterprises operating on an international scale and the authorities of the countries hosting direct investments and institutions supporting such investments.						
	The student is able to use his knowledge to formulate and solve complex problems related to the functioning of economic entities on the international financial market, with particular emphasis on the financial market of the European Union.						
	The student is able to identify and define the meaning of various types of risk affecting companies operating on an international scale, including, in particular, is able to use theoretical knowledge to correctly determine the consequences of currency risk and political risk for the effectiveness of economic decisions of enterprises.						
	The student is able to present innovative solutions to complex problems related to international finance.						
	The student independently improves the acquired knowledge and skills as part of the tasks and discussions, is open to new concepts and methods of solving problems.						

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				X			X			
MSG2_U02	X		X		X						
MSG2_U03	X										
MSG2_U04	X		X								
MSG2_U06	X				X						
MSG2_U09					X						

MSG2_U16					X			X			
Attitudes	MSG2_K01	The student understands the importance of knowledge in the field of economics, which is necessary to solve complex problems in the field of international finance, also understands the need to seek and use expert opinions when encountering difficulties in solving a given problem on its own.									
	MSG2_K02	The student understands the importance of knowledge in the field of economics, which is necessary to solve complex problems in the field of international finance, also understands the need to seek and use expert opinions when encountering difficulties in solving a given problem on its own.									
	MSG2_K03	The student is aware of the importance of participating in group tasks and in groups implementing professional projects.									
	MSG2_K04	By performing simple and complex tasks in international finance, the student works actively, adapts to new types of tasks and proposes innovative solutions. Thanks to the feedback after completing the tasks, the student assesses his own knowledge and increases resistance to failure.									
	MSG2_K06	The student responsibly comes to the assigned tasks and increases his independence in looking for solutions to complex problems in international finance.									

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_K01	X										
MSG2_K02					X			X			
MSG2_K03					X						
MSG2_K04	X		X		X			X			
MSG2_K06	X		X								

Course contents
Lectures

- Objectives of financial management in the international context. Introduction to the course. Foreign exchange market - participants, instruments and transactions. Functions of the fx market.
- The determinants of currency exchange rates volatility (supply and demand, interest rates, inflation, other factors, credit ratings for countries - S&P, Moody's and Fitch Ratings approaches to country ratings. Study examples of exchange rate regimes and currency rates quotations. IMF methodology and classification.
- Parity relations (e.g. purchasing power parity, interest rate parity, Fisher effect) and forecasting exchange rates. Effectiveness of the monetary and fiscal policy under IS-LM-BP model - reminder. Exchange rate determination under BB-NN model.
- Capital budgeting for international company.
- Political risk and international companies.
- Risk assessment in international projects.
- 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 - the background, motivation, due diligence and valuation. The factors of success or failures in mergers and acquisitions.
- Theory of currency areas: traditional and new approach as a result of recent macroeconomic research. Modern currency areas - definition, role and importance.
- Global and regional financial centres. Offshore financial centres.
- World currencies: definition and importance. The role of the major currencies of the world in the international financial markets. International currency. The matrix of Cohen. Safe haven currency. Case study: US dollar and Chinese yuan.

11. The financial crises in advanced and emerging economies - impact for financial markets and companies. Regulatory and supervisory institutions and measures. Early warning indicators. The comparison of Great Depression, Global Financial Crisis in 2008 and COVID crisis consequences. 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.

12. International tax planning. International taxation of companies. Tax havens and the activities of companies abroad. Transfer pricing. BEPS activities. Anti-money laundering regulations.

13. 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.

14. 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.

15. Financial markets integration - definition and measurement methods. Snapshot Eurozone, European Union countries. Home bias and financial markets integration. Advantages and drawbacks of financial markets integration.

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:

Ajami R. A., Goddard G. J., *International Business - Theory and Practice. A course on the Essentials*, Third Edition, Routledge, London and New York 2015.

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

Kallianiotis J.N., *Foreign Exchange Rates and International Finance*, Nova Science Publishers, New York 2019.

Additional reading of scientific papers given during lectures.

Additional reading:

Adamska-Mieruszevska J., Mrzyglód U., *Foreign Listing Pricing Effects: the Case of Emerging Economies*, Bank i Kredyt 2020, nr 4.

Bieliński T., Markiewicz M., Mosionek-Schweda M., *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.

Cotrut M., *International Tax Structures in the BEPS Era: An Analysis of Anti-abuse Measures*, IBFD Tax Research Series, 2015, Volume 2.

De Grauwe P. and Ji Y., *Flexibility vs. stability. A difficult tradeoff in the Eurozone*, Centre for European Policy Studies and European Commission, March 2016.

European Financial Stability and Integration Review 2020; Available on-line at: https://ec.europa.eu/info/publications/european-financial-stability-and-integration-report-efsir_en.

Herrera H., Ordoñez G., Trebesch C., *Political Booms, Financial Crises*, CESifo Working Paper, No. 4935, Center for Economic



Studies and Ifo Institute (CESifo), Munich 2014.

Kamil H., *How Do Exchange Rate Regimes Affect Firms' Incentives to Hedge Currency Risk? Micro Evidence for Latin America*, IMF Working Papers, 2012.

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

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

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

Mishkin F. S., *Anatomy of a financial crisis*, NBER Working Paper Series, Working Paper, 1991, No. 3934.

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

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* SS1- undergraduate studies * SS2 - graduate studies * SDang - doctoral studies
** MSG - International Economic Relations