

## **FINS3616**

### **International Business Finance**

### **Course Outline**

### **Semester 2, 2017**

### **Course-Specific Information**

The Business School expects that you are familiar with the contents of this course outline. You must also be familiar with the School's Course Outlines Policies webpage which contains key information on:

- Program Learning Goals and Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Student Support and Resources

This webpage can be found on the Business School website:

<https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

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## COURSE-SPECIFIC INFORMATION

### 1 STAFF CONTACT DETAILS

Weeks 1–4 Lecturer: Bohui Zhang  
Room 314, UNSW Business School  
Phone No: 9385 5834  
Email: [bohui.zhang@unsw.edu.au](mailto:bohui.zhang@unsw.edu.au)  
Consultation Times – Wednesday 3:30pm to 5:30pm

Weeks 5–8 Lecturer: Chris Adam  
Room 351, UNSW Business School  
Phone No: 9385 6385  
Email: [c.adam@unsw.edu.au](mailto:c.adam@unsw.edu.au)  
Consultation Times – Tuesday 2pm to 4pm

Weeks 9–12 Lecturer: Jaehoon Lee (lecturer-in-charge)  
Room 365, UNSW Business School  
Phone No: 9385 6013  
Email: [jaehoon.lee@unsw.edu.au](mailto:jaehoon.lee@unsw.edu.au)  
Consultation Times – Wednesday 3pm to 5pm

A full list of tutors will be posted on Course Website.

### 2 COURSE DETAILS

#### 2.1 Teaching Times and Locations

Lectures start in Week 1(to Week 12): The Time and Location are:

Monday	2:00pm to 4:00pm	Colombo ThA
Monday	6:00pm to 8:00pm	ChemSc M18
Friday	9:00am to 11:00am	Ainworth G03

Tutorials start in Week 2 (to Week 13). A full list of tutorials, times and tutors will be on the Course Website.

#### 2.2 Units of Credit

The course is worth 6 units of credit.

#### 2.3 Summary of Course

This course provides students with the basic theoretical and practical knowledge required for the management of financial functions of firms operating in several countries. This includes necessary theory and evidence necessary for a basic understanding of international capital and foreign exchange markets. In particular, this course covers topics such as international diversification, foreign direct investment decisions, cost of capital for multinational corporations, financial and political risks, the role of multinational banks and the financial benefits of Euro-currencies and Eurobonds, short-term financing, and international equity markets. The general emphasis is on the identification and management of risk relating to exchange rate fluctuations and government policy changes.

## 2.4 Course Aims and Relationship to Other Courses

This is a core subject for all students who wish to graduate with a finance major in the BCom. Typically, students undertake this course in their second or third year of the BCom programme. This course builds on FINS1613. The course is relevant to a broad range of professions including corporate treasury management, corporate finance, international securities trading and investment management.

## 2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g. 'be an effective team player'). You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. 'participate collaboratively and responsibly in teams').

For more information on Program Learning Goals and Outcomes, see the School's Course Outlines Policies webpage available at

<https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed (they may also be developed in tutorials and other activities):

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following learning goals for all Business undergraduate students:</i>		<i>On successful completion of the course, you should be able to:</i>	<i>This learning outcome will be assessed in the following items:</i>
1	Knowledge	<ul style="list-style-type: none"><li>Analyse and discuss the international macro-economic and political environment.</li><li>Articulate determinants of foreign exchange rate and interpret the impact of economic events on foreign exchange rate.</li><li>Discuss the operation of capital and foreign exchange markets.</li><li>Identify and describe methods of international capital raising.</li></ul>	Exam Quiz
2	Critical thinking and problem solving	<ul style="list-style-type: none"><li>Forecast foreign exchange rates with common techniques.</li><li>Develop strategies to deal with exchange rate risk.</li><li>Evaluate foreign direct investment and acquisition activities.</li><li>Understand theoretical and practical issues involved in managing</li></ul>	Exam Quiz

		international investment portfolio.	
3a	Written communication	<ul style="list-style-type: none"> <li>Construct written work, which is logically and professionally presented.</li> </ul>	Project
3b	Oral communication	<ul style="list-style-type: none"> <li>Communicate ideas in a succinct and clear manner.</li> </ul>	Project
4	Teamwork	<ul style="list-style-type: none"> <li>Work collaboratively to complete a task.</li> </ul>	Project
5a.	Ethical, social and environmental responsibility	<ul style="list-style-type: none"> <li>Identify and assess ethical considerations in governance systems and political risks of various countries.</li> </ul>	Project
5b.	Social and cultural awareness	<ul style="list-style-type: none"> <li>Compare, contrast, and assess varying exchange rate systems and governance systems of various countries.</li> </ul>	Project

### 3 LEARNING AND TEACHING ACTIVITIES

#### 3.1 Approach to Learning and Teaching in the Course

We seek to create an interesting, challenging, relevant, satisfying, and engaging education experience. To help achieve this objective we have a number of teaching aims:

- Create a climate of engagement, dialogue and ongoing feedback between students and lecturers regarding the content, teaching strategies, learning experiences and outcomes (Guidelines on Learning that Inform Teaching at UNSW (GLIT) numbers 2,7,10)
- Cater to a variety of learning preferences and abilities by providing a range of learning activities and teaching methods (GLIT number 9);
- Develop independent learning skills and create an environment that both provides structure and guidance as well as encouraging students to extend their learning (GLIT numbers 2,11);
- Develop skills in collaboration and teamwork, which is directly relevant to the skills required of a finance professional (GLIT numbers 6, 14)

#### 3.2 Learning Activities and Teaching Strategies

##### The Role of Lectures

The lectures build from the relevant core readings (in the textbook) to set out the main ideas, theories and conceptual frameworks for the course. Lectures include interactive learning processes and will synthesize materials from a range of sources, including your own prior knowledge and experiences. We expect you to come to and be prepared for each lecture. This means you should have read and considered the relevant chapter. From a time management perspective, this means you will need to allocate at least three hours per week for basic reading. If you need any assistance in managing your time you will find the Australian School of Business' Education Development Unit (EDU) a useful resource.

## The Role of Tutorials

The weekly tutorials provide you with an interactive environment in which to enhance your learning and your enjoyment of the course. These tutorials include problem exercises and discussions of concepts covered in lecture. All tutorial questions are from end of chapter exercises in Bekaert & Hodrick. Students should prepare detailed answers to the problems prior to the tutorial and be prepared to participate in problem solutions. In the second half of the semester, you will also be presenting your group projects during tutorial. By actively engaging in the tutorials, you will increase your confidence and competence in technical, presentation and critical thinking skills. They also provide you with the opportunity to enhance your interpersonal skills by interacting with others, working together in diverse groups, forging learning networks, learning about other cultures and learning to understand values and opinions different from your own.

## 4 ASSESSMENT

### 4.1 Formal Requirements

In order to pass this course, you must:

- achieve a composite mark of at least 50; and
- make a satisfactory attempt at all assessment tasks (see below).

### 4.2 Assessment Details

Assessment Task	Weighting	Due Date
Tutorial Participation*	10%	Ongoing
Quiz	5%	Week 4 (tutorials in the week of 14 August)
Mid-session Exam	30%	Week 7 (Saturday)
Group Project	25%	Weeks 11 & 12
Final Exam	30%	University Exam Period

\* Tutorial marks will be made available in early November on Moodle. Students should contact their tutors to resolve any concerns related to tutorial assessments before Nov. 3rd.

### 4.3 Assessment Format

#### Tutorials

Tutorials in this course are one-hour long and held weekly (First in week 2, last in Week 13). Tutorials facilitate small group discussion of course materials and permit ongoing assessment of students' effort and achievement of learning outcomes. Tutors will assess student performance in their registered tutorial based on student:

1. Regular and punctual attendance (5%). To obtain the 5%, a student must attend at least 9 (of 12) tutorials. Otherwise, the student will receive a 0% participation mark.
2. Active participation (including questions) and contribution to the learning perspective and interest of fellow students in the subject (up to 5%)

#### Quiz and Exams

One quiz and two examinations focus on evaluating students' understanding of the main concepts covered in class with a special focus on the learning outcomes. Specifically, the quiz and exams will assess students understanding and application of the Knowledge and Critical thinking and problem solving discussed above. Both examinations may consist of multiple choice, short-essay and problem solving

questions that tests students' knowledge of relevant theories and methodologies related to International Business Finance, but also application of these theories in real-world settings. The quiz and exams will be designed to focus on and highlight both the concepts covered and the computations required in applying these concepts. However, in this course, computations are tools, not the main focus of the topics. The quiz covers the lecture content from week 1 to 3. Mid-session exam covers the lecture content from week 1 to week 6, and final exam covers the lecture content from week 7 to 12. The quiz will be held during tutorials in Week 4. The mid-session exam will be held on Saturday in Week 7 (Sep. 9th 2017); Students should clear their schedule in order to ensure they are able to attend the exam on this week. The final exam is not comprehensive and will include those topics covered after the mid-session exam (weeks 7-12). The final examination will be held during the University Exam Period. Details will be provided in due course.

### **Group Project**

1) The focus of the group project is on evaluating students' understanding of comparative economic concepts covered in class with a special focus on the learning outcomes. Specifically, the group project will assess students understanding and application of the Written Communication, Oral Communication, Teamwork, Ethical Responsibility, and Social and Cultural Awareness discussed above.

2) Each member of class will be formed into groups of 5 students within each tutorial. Students must attend the tutorial in which they are enrolled. The specific details of each groups' project, as well as a specific assessment rubric, will be available on Moodle following the end of week 2.

3) Generally, groups will give a 15-minute presentation (3 minutes per student) comparing the governance systems, political risk concerns, and exchange rate systems of two countries and making policy recommendations to firms considering financial investment within these countries. In addition each group member will submit an individually prepared 2-page, grammatically correct, write-up that answers specific questions regarding the governance systems, political risk concerns, and exchange rate systems of their two assigned countries

4) Students will submit their written assignment via Turnitin, accessed through myUNSW. Late submissions will not be accepted. Students will also self-assess how they performed within the group as well as their other group members using an online platform.

5) Teamwork will be assessed using the results of peer review and group evaluation report, each of which accounts for 2.5% of total marks respectively.

### **4.4 Assignment Submission Procedure**

Students will submit their written assignment via Turnitin, accessed through myUNSW. Students will also self-assess how they performed within the group as well as their other group members using an online platform.

### **4.5 Late Submission and Penalties**

Late submissions will not be accepted.

#### **Quality Assurance**

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may

be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

## 5 COURSE RESOURCES

You will be able to obtain the latest course announcements and course materials via Moodle. Lecture notes will be available for download at least one day prior to the lecture. Students are encouraged to read the corresponding reference material prior to the lecture. Tutorial solution will be posted after the teaching week.

The prescribed textbook for this course is:

Bekaert, Geert, and Hodrick, Robert, 2012, International Financial Management: International Edition, 2nd ed. Pearson

Other useful reference text:

- Butler, K. (2008). Multinational Finance, John Wiley. Fourth Edition. This book is available at the UNSW bookshop located near the Quadrangle.

Lecture notes, announcements and other materials are all provided on Moodle (<http://telt.unsw.edu.au>). Students should make a point of checking this site regularly.

## 6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered. In this course, we will seek your feedback through the end of semester.



## 7 COURSE SCHEDULE

Tutorials start in Week 2 and finish in Week 13.

Lectures start in Week 1 and finish in Week 12.

COURSE SCHEDULE				
Week	Lecture Topic	Tutorial Topic	References	Instructor
Week 1 24 July	Introduction	<i>NO TUTORIALS</i>	Ch. 1	Prof. B. Zhang
Week 2 31 July	Exchange Rate Systems		Ch. 5	Prof. B. Zhang
Week 3 7 August	The Foreign Exchange Market		Ch. 2	Prof. B. Zhang
Week 4 14 August	Transaction Exchange Risk and Forward Contracts		Ch. 3 & 17	Prof. B. Zhang
Week 5 21 August	International Capital Market Equilibrium		Ch. 13	Prof. C. Adam
Week 6 28 August	Country and Political Risk		Ch. 14	Prof. C. Adam
Week 7 4 September	International Capital Budgeting		Ch. 15	Prof. C. Adam
Week 8 11 September	Additional Topics in International Capital Budgeting		Ch. 16	Prof. C. Adam
Week 9 18 September	Purchasing Power Parity and Real Exchange Rates		Ch. 8	Dr J. Lee
Mid-semester break: Saturday 23 September – Sunday 1 October inclusive Monday 2 October – Labour Day Public Holiday				
Week 10 3 October	Measuring and Managing Real Exchange Rate Risk		Ch. 9	Dr J. Lee
Week 11 9 October	Exchange Rate Determination and Forecasting		Ch. 10	Dr J. Lee
Week 12 16 October	Foreign Currency Futures and Options		Ch. 20	Dr J. Lee
Week 13 23 October	NO LECTURES			