



## **CIEE Global Institute - Copenhagen**

<b>Course name:</b>	International Finance
<b>Course number:</b>	BUSI 3001 CPDK
<b>Programs offering course:</b>	Copenhagen Open Campus
<b>Open Campus Track:</b>	Business
<b>Language of instruction:</b>	English
<b>U.S. semester credits:</b>	3
<b>Contact hours:</b>	45
<b>Term:</b>	Spring 2019

### **Course Description**

This course provides students with an overview of the dynamics of the global financial and international monetary systems. Students develop knowledge of the fundamental concepts needed to understand foreign direct investment, financial flows, international trade and investment deals. As political risk and economic exposure to global events have become more immediate, special attention will be given to the 2007-2012 world banking crisis, the role of central banks in the stabilization of national economies, the European debt crisis, and the specific economic challenges to which individual EU countries have been exposed in varying ways. Alternative views and policy measures to help struggling economies overcome the economic and financial crisis – like contracting (or expanding) government spending – as developed by the EU, and the U.S., will be assessed and critically analyzed.

### **Learning Objectives**

By completing this course, students will:

- Master and apply basic financial concepts to the very intricate web of international economic and financial transactions.
- Articulate and the determinants of international financial transactions and their consequences in the present-world economic and financial order.
- Dissect and discern the decisions taken by various agents (governments, multinational corporations, public and private banks) and how these interact in the international financial markets.
- Analyze economic and market indicators for a better understanding of the world panorama of economics and finance.
- Apply these indicators and criteria to financial decisions taken within multinational corporations for effective governance.
- Reading and understanding more about Brexit and the EU financial perspective.

### **Course Prerequisites**



Students are recommended to have previous coursework in microeconomics, macroeconomics and international economics (which should include the basics of international trade) are course prerequisites. This course is not suitable for students with no previous economics classes.

### **Methods of Instruction**

The course will be highly interactive between the instructor and the students. Students are expected to do the required readings before class so they can discuss the material among themselves and with the instructor. PowerPoint presentations, including short video clips, will be used by the instructor to introduce the material required. Students are expected to prepare questions based on their reading and interact thoughtfully in class. The list of online references at the end of the syllabus includes web sites on financial information that should be consulted daily during the course, as finance is a dynamic and changing discipline that needs constant updating; therefore the students will be responsible for checking selected web sites daily for in-class discussion.

### **Assessment and Final Grade**

1. Written Assignments:	20%
2. Oral Presentation:	15%
3. Research paper	20%
4. Final Exam:	25%
5. Class Participation:	20%

### **Course Requirements**

#### **Written Assignments**

Students are expected to write two summary papers, due on the last day of class in Weeks 2 and 4. These should be at least 2 pages in length, typed, double-spaced (font 12) and should include a detailed summary with analysis of a visit to a local company that is international in its outlook. An example would be an interview with the local branch manager of a large, internationally active bank to understand the financial management styles of the country of study and how they differ with US styles.

#### **Research Paper**



Each student is required to write an 1875-5250 words research paper consisting of a case or interpretative analysis or a theoretical argument related to topics covered in the course. The topic must be approved by the instructor. A bibliography and proper citations are required. A critique of the proposal and an annotated bibliography will guide students through the process.

### **Oral Presentation**

Students will organize in teams of 3 or 4 people. Each team will choose a topic on international finance, which the instructor will give to the students on the first day of class, as case studies (see end of document). The presentation should be in PowerPoint format and each group participant will present a part of the presentation, although all members should be familiar with the whole topic. The presentation should not last more than 20 minutes and will be followed by a Q&A session. Of utmost importance is to give examples and illustrate them with real-life financial examples.

### **Final Exam**

Students will take a final exam at the end of the course. The exam (multiple choice test and short essays) will include all topics analyzed in class.

### **Participation**

Participation is valued as meaningful contribution in the digital and tangible classroom, utilizing the resources and materials presented to students as part of the course. Meaningful contribution requires students to be prepared in advance of each class session and to have regular attendance. Students must clearly demonstrate they have engaged with the materials as directed, for example, through classroom discussions, online discussion boards, peer-to-peer feedback (after presentations), interaction with guest speakers, and attentiveness on co-curricular and outside-of-classroom activities.

### **Attendance Policy**

Regular class attendance is required throughout the program, and all unexcused absences will result in a lower participation grade for any affected CIEE course. Due to the intensive schedules for Open Campus and Short Term programs, unexcused absences that constitute more than 10% of the total course will result in a written warning.



Students who transfer from one CIEE class to another during the add/drop period will not be considered absent from the first session(s) of their new class, provided they were marked present for the first session(s) of their original class. Otherwise, the absence(s) from the original class carry over to the new class and count against the grade in that class.

For CIEE classes, excessively tardy (over 15 minutes late) students must be marked absent. Attendance policies also apply to any required co-curricular class excursion or event, as well as to Internship, Service Learning, or required field placement. Students who miss class for personal travel, including unforeseen delays that arise as a result of personal travel, will be marked as absent and unexcused. No make-up or re-sit opportunity will be provided.

Attendance policies also apply to any required class excursion, with the exception that some class excursions cannot accommodate any tardiness, and students risk being marked as absent if they fail to be present at the appointed time.

Unexcused absences will lead to the following penalties:

<i>Percentage of Total Course Hours Missed</i>	<i>Equivalent Number of Open Campus Semester classes</i>	<i>Minimum Penalty</i>
Up to 10%	1 content classes, or up to 2 language classes	Participation graded as per class requirements
10 – 20%	2 content classes, or 3-4 language classes	Participation graded as per class requirements; <b>written warning</b>
More than 20%	3 content classes, or 5 language classes	Automatic <b>course failure</b> , and possible expulsion



## **Weekly Schedule**

### **Week 1            Orientation Week**

Class 1:1            Introduction to the course:  
Syllabus will be presented and reviewed, with emphasis on assessment methods and course requirements.  
Reading from The Economist:  
<https://www.economist.com/news/schoolsbrief/21584534-effects-financial-crisis-are-still-being-felt-five-years-article>

Class 1:2            An introduction to international finance. The 2008 financial crisis and its consequences for  
the country of study. Visit to a local branch of an internationally active bank to obtain knowledge about international currency, trade, and investments from a professional perspective.  
Reading from The Economist:  
<https://www.economist.com/blogs/graphicdetail/2017/06/daily-chart-18?zid=295&ah=0bca374e65f2354d553956ea65f756e0>

### **Week 2            Foreign Exchange Markets**

During this week students will learn the fundamentals of foreign exchange markets: from the record of the economic transactions between the residents of the country and the rest of the world in a particular period (the balance of payments), to the most critical notions about financial assets and currencies. Following up the recent Asian turmoil, students will learn more about the Chinese context & relate it to the stability of the European markets.

Readings from Madura (2018)

Class 2:1            The balance of payments.  
The balance of payments has three components. They are the financial account, the capital account and the current account. The financial account describes the change in Speaker will elaborate on his/her real-life experience as an entrepreneur linking the previous sessions' covered objectives. ownership of assets. The capital account includes any financial transactions that don't affect economic output.

Class 2:2            Financial assets and currencies, monetary assets, interest rates and Forex intervention.



During this week we will learn a basic overview about international finance concepts and Forex intervention.

Class 2:3 The case of the Chinese currency will be the prime example as it relates to forex in the international context.  
Reading from The Economist: <http://www.economist.com/node/15328875>

- Assignment due: Written Assignment I

**Week 3** International Capital Markets

Class 3:1 The credit and money markets  
During this week, we will discuss international benefits and implications associated with the credit and money markets as well as the principles of each.

Class 3:2 Equities and bonds and portfolio investment in the international environment  
During this week, we will learn about what types of equities and bonds should be included in the portfolio of investments. We will learn how to balance a portfolio to properly allocate the risks and rewards of international investments.

Class 3:3 The emerging markets (China, India, Russia in light of the Ukrainian crisis). Visit to headquarters of a financial institution, such as Saxo Bank in order to gain firsthand knowledge of capital markets on a professional level. Reading from current article may be submitted by instructor via Canvas for homework.  
Readings from Madura (2018)

**Week 4** Financial Risk Management

Class 4:1 Hedging strategies against risk exposure  
During this week, we will learn about balancing the portfolio to minimize risk exposure beyond what the portfolio can reasonably handle. The goal is to minimize risk, maximize profit and maintain a balanced portfolio.

Class 4:2 Forecasting exchange rates and forex in the context of international trade  
During this week, we will learn how to forecast exchange rates based on foreign exchange (FX) rate and its fluctuations. In turn, study the nature and purposes of financial management in the international context.

Class 4:3 Overall considerations on managing monetary and financial exchanges



During this week, we will learn the code of good practices on transparency in Monetary and Financial policies. The Foreign exchange (FX) risk may change the overall reported earnings of a firm, which affects its stock price.

Readings from Madura (2018)

Reading from The New York Times:

[http://www.nytimes.com/2013/01/11/business/economy/models-for-financial-risk-are-still-se-en-asflawed.html?pagewanted=all&module=Search&mabReward=relbias%3Aw%2C%7B%22%22%3A%22RI%3A13%22%7D&\\_r=0](http://www.nytimes.com/2013/01/11/business/economy/models-for-financial-risk-are-still-se-en-asflawed.html?pagewanted=all&module=Search&mabReward=relbias%3Aw%2C%7B%22%22%3A%22RI%3A13%22%7D&_r=0)

- Assignment due: Written Assignment II

## Week 5

Decision-making Strategies in International Finance

This week students will become acquainted with the strategic decisions regarding short- and long-term investments, both in terms of portfolio as well as foreign direct investments. An international overview of the central banks will help students to identify the differences among countries and to understand why those differences exist.

### Class 5:1

Financing for short- and long-term investments (portfolio as well as foreign direct investment)

During this week, we will learn about which short- and long-term investments to choose in the portfolio including but not limited to foreign direct investment (FDI).

### Class 5:2

The role of central banks.

During this week, we will compare the European Central Bank, Unicredit and the US Treasury.

### Class 5:3

Individual EU countries and the European Central Bank (ECB).

During this week, we will learn the organization and operations of the European Central Bank (ECB). More specifically its primary objectives and tasks, monetary function, decision-making bodies, and its governing council.

Reading from The Economist: <http://www.economist.com/news/leaders/21656662-whatever-its-outcome-greek-crisis-will-change-eu-ever-europes-future-greeces>

Readings from Madura (2018)

Reading from Business Insider:

<http://www.businessinsider.com/r-buffett-a-cheerleader-for-america-takes-his-checkbook-abroad-2015-2?r=US&IR=T&IR=T>



Reading from Admiral Markets:

<https://admiralmarkets.com/education/articles/forex-indicators/using-forex-market-sentiment-indicators>

**Week 6** Conclusions and Review: An Ethical Viewpoint

Class 6:1 Regulatory and ethical environment in European financial leadership  
During this week, we will learn the financial code of ethics and address sustainable financing, and socially responsible investment issues.

Class 6:2 FINAL EXAM

Class 6:3 Oral presentations and conclusions

### **Readings**

Madura, J., *International Financial Management*, 13h Edition, Cengage, 2018.

The Economist: Crash Course

<https://www.economist.com/news/schoolsbrief/21584534-effects-financial-crisis-are-still-being-felt-five-years-article>

The Economist: The economic effects of Britain's decision to leave the EU

<https://www.economist.com/blogs/graphicdetail/2017/06/daily-chart-18?zid=295&ah=0bca374e65f2354d553956ea65f756e0>

The Economist: Invested Interests

<http://www.economist.com/node/15328875>

New York Times: Clouds seen in regulators' crystal ball for banks

<http://www.nytimes.com/2013/01/11/business/economy/models-for-financial-risk-are-still-seen-as-flawed.html?pagewanted=all&module=Search&mabReward=relbias%3Aw%2C%7B%22%22%3A%22RI%3A13%22%7D&r=0>

Business Insider: For a guy who talks up American investment opportunities, Warren Buffett invests a lot of money abroad

<http://www.businessinsider.com/r-buffett-a-cheerleader-for-america-takes-his-checkbook-abroad-2015-2?r=US&IR=T&IR=T>

Market Psych: Sentiment Data in the Foreign Exchange Markets:

<http://thomsonreuters.com/articles/2013/marketpsych-sentiment-data-in-fx-markets>

The Economist: Europe's future in Greece's hands

<http://www.economist.com/news/leaders/21656662-whatever-its-outcome-greek-crisis-will-change-eu-ever-europes-future-greeces>

### **Online Resources**

The Economist: Crash Course

<https://www.economist.com/news/schoolsbrief/21584534-effects-financial-crisis-are-still-being-felt-five-years-article>

The Economist: The economic effects of Britain's decision to leave the EU

<https://www.economist.com/blogs/graphicdetail/2017/06/daily-chart-18?zid=295&ah=0bca374e65f2354d553956ea65f756e0>





The Economist: Invested Interests

<http://www.economist.com/node/15328875>

New York Times: Clouds seen in regulators' crystal ball for banks

<http://www.nytimes.com/2013/01/11/business/economy/models-for-financial-risk-are-still-seen-as-flawed.html?pagewanted=all&module=Search&mabReward=relbias%3Aw%2C%7B%22%22%3A%22RI%3A13%22%7D&r=0>

Business Insider: For a guy who talks up American investment opportunities, Warren Buffett invests a lot of money abroad

<http://www.businessinsider.com/r-buffett-a-cheerleader-for-america-takes-his-checkbook-abroad-2015-2?r=US&IR=T&IR=T>

Market Psych: Sentiment Data in the Foreign Exchange Markets:

<http://thomsonreuters.com/articles/2013/marketpsych-sentiment-data-in-fx-markets>

The Economist: Europe's future in Greece's hands

<http://www.economist.com/news/leaders/21656662-whatever-its-outcome-greek-crisis-will-change-eu-ever-europes-future-greeces>

**Optional Resource:**

<http://www.mdpi.com/journal/ijfs>.