FIN 3711 – International Financial Management

Instructor:

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Session: Semester 2, AY 2025-26

Course Description

This course is designed to provide an understanding of international financial products, financial markets and institutional structures necessary to be effective financial managers in modern corporations. Students will also learn how to handle exchange rate risk and market perfection in the growing trend of globalization by using various financial instruments and derivatives. The specific topics covered include the followings: the basis macroeconomic concepts, the nature of foreign exchange risk, the determination of exchange rates, the management of foreign exchange risk with forwards, futures, options and swaps, exchange rate forecasting, the evaluation of international investment, multinational company management, and international tax environment. Student will also learn to familiarize themselves with various information resources to obtain first-hand financial information in rapid changing business environment and to critically analyse it.

Learning Outcome

By the end of the course, students are expected to be able to:

• Understand international macroeconomic transfers and balance of payments accounting.

• Understand the Ricardian model of competitive advantage and the basis of international trade.

• Understand the impact of tariffs on consumers, producers and the economy as a whole.

• Understand the determination of exchange rates and institutional details of the foreign exchange market.

• Understand international parity relationships

• Become familiar with the various mechanisms to hedge financial, economic and accounting risks in the context of multinational firms.

• Calculate the cost of capital for international projects.

• Understand capital budgeting in an international context

Textbooks

The references noted below have been placed in RBR section in HSSML.

<u>Recommended texts</u>

Eun Cheol S., Bruce G. Resnick, and Tuugi Chuluun, *International Financial Management*, 10th Edition, Mcgraw Hill, 2024 (ISBN hardbound: 978-1-264-41309-6 , ISBN loose leaf: 978-1-266-82631-3)

International Economics Theory and Policy, 12th Edition by Paul Krugman, Maurice Obstefeld and Mark Melitz, Pearson, ISBN 9781292409719.

Supplementary materials will be available on CANVAS.

Lecture

Tuesday 3 pm to 6 pm

Venue: BIZ1 02-06

Assessments

1. Class Participation: 15%
2. Group Projects/Cases: 25%
3. Test 1: 30%
4. Test 2: 30%

Total 100%

1. Class Participation (15%)

Each class attendance will carry .5%. Standard BBA policy will apply for absences to get credit for classes in which you are absent (representing NUS or Singapore in any event, sickness with medical certificate, bereavement). In addition, job interviews would be a valid reason for an absence if notified in advance with documentary proof. This will add up to 10% (there is no attendance credit for the tests. For the remaining 10%, active Engagement is expected of all students. For you to be able to get a positive grade on this, you MUST get name cards, put it in front of your seat, AND participate actively in class. There may be options for online participation as well.

4. Group Assignments – 25%.
Groups should be formed at the beginning of the term. Each group may consist of at most 5 people (can be lower with 3 people being the minimum group size). There will be approximately 3-4 group assignments and each will be worth approximately the same credit. Peer Grading will constitute 20% of the grade only for assignments with home-based work. Thus, individuals may differ in their final grades for the group assignment. In each assignment with a group of n students, each student will be given (n-1)*10 points. You can allocate these in any manner to your fellow group mates. Note that you must allocate all the points you have to someone other than yourself (there is no option to allocate a lower total amount). The peer grade for an individual will be determined as follows: The person with the highest points will get 25%. All others will get their individual point total divided by the highest person's total * 25%. If you don't respond, the default allocation will be an equal point to all your group

mates.

Each group should continue to work together till the end of the term barring exceptional frictions in which case the instructor needs to be notified by the entire group and have a meeting to discuss alternatives. If you have friction, please notify me early.

Group assignments may require in-class work and/or in-class presentations or discussions. If you are absent for a valid reason, you may get a suitable alternative with credit. If you do not have a valid reason, you will receive a zero credit for this part of the assignment.

Some group assignments may have an individual quiz in class. The weightage for this sub-component will be informed prior to the assignment date.

5. Two tests each worth 30%

Test 1 will cover the portions covered upto the mid term and Test 2 will cover the portions covered after the mid term. However, to the extent that material in the second half relies on that in the first half, you will need to be familiar with the full syllabus. In particular, International Parity Relationships (Eun, Chapter 6) will be needed in both tests.

Exams are closed book closed notes. No cheat sheet will be allowed. A formula sheet will be provided by the instructor. Exams may be pen and paper exams or administered in Examsoft. You need to be familiar with Examsoft.

Tentative Course Plan (subject to change)

Week 1

- Introduction (chapter 1, Eun)
- International Monetary System (Chapter 2, Krugman)

Week 2

- Balance of Payments (Chapter 3)
- World Trade: An Overview (Krugman, Chapter 2)

Week 3

- Case discussion on exchange rate and macroeconomics

Week 4

- Labor Productivity and the Ricardian Model (Krugman, Chapter 3)

Week 5

- The Market for Foreign Exchange (Eun, Chapter 5)
- International Parity Relationships and forecasting Foreign Exchange Rates (Eun, Chapter 6)

Week 6

No Class, CNY

Online recorded review and tutorial session for test 1 will be provided during the break week. Students are free to attend the session live as well. No attendance will be taken for this session and class participation will not be counted for this session. Attendance is not required for any student for this online session. The actual date and time for this session will be confirmed by Week 5.

Break Week

Week 7

- Test1: Tuesday March 3, 3.30-5.30 pm (Venue: To be confirmed)

Week 8

- Futures and Options on Foreign Exchange (Eun, Chapter 7)
- Interest Rates and Currency Swaps (Chapter 14)

Week 10

- Project on hedging of foreign exchange risk

Week 9

- Management of Transaction Exposure (Eun, Chapter 8)
- Management of Economic Exposure (Eun, Chapter 9)

Week 11

- Review for test and tutorial discussion.

Week 12

- Test 2: Tuesday 7th April, 3.30 pm to 5.30 pm. (Venue: To be confirmed)

Week 13

- Project on measurement of economic exposure

ACADEMIC HONESTY & PLAGIARISM

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is 'the practice of taking someone else's work or ideas and passing them off as one's own' (The New Oxford Dictionary of English). The University and School will not condone plagiarism.

Artificial Intelligence (AI) tools such as ChatGPT do not require specialist knowledge to use. Many of these AI tools are commonly used in social media, for example, to create content and disguise and refine content created from programmes like ChatGPT. We understand that students will be drawn to using these AI Tools, as they would for any other electronic aid.

However, to be clear, normal academic rules still apply. As noted in the Code of Student Conduct:

"The University takes a strict view of cheating in any form, deceptive fabrication, plagiarism and violation of intellectual property and copyright laws. Any student who is found to have engaged in such misconduct is subject to disciplinary action by the University.

With respect to AI tools (e.g., ChatGPT and image generation tools), your instructor will clarify whether the use of these tools as inputs into your assignment development process is acceptable. AI is a technology that requires skill to use, and knowledge about when and how to use it. If you use ChatGPT or any other such AI tool in your work, you must provide a proper representation of how you used the tool and what prompts you used to generate output. Failure to cite its use constitutes academic misconduct.

Further, as with any information source, be aware that minimal efforts yield low quality results. You will need to refine your work and fact check the output, as you would double-check information from any source. Further, you should be selective in how and when you use such tools instead of using it for each and every assignment you create.

To summarise:

1. Always check with your instructors on what are the permitted uses of AI tools.

2. Have a discussion at the start of a course about the use of AI.

3. Where permitted, acknowledge your use of AI.

4. You remain responsible for the quality of your work and its appropriate representation.

5. Failure to follow the above steps can lead to a concern about plagiarism (academic dishonesty).

As always. you have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is entirely your own work. This is a minimum standard.

Additional guidance can be found at:

Admission Condition: http://www.nus.edu.sg/registrar/administrative-policies-procedures/acceptance-record#NUSCodeofStudentConduct

NUS Code of Student Conduct: http://nus.edu.sg/osa/resources/code-of-student-conduct

Academic Integrity Essentials: https://libguides.nus.edu.sg/new2nus/acadintegrity#s-lib-ctab-22144949-4

Guidelines on the Use of AI Tools For Academic Work: https://libguides.nus.edu.sg/new2nus/acadintegrity#s-lib-ctab-22144949-3