



Syllabus „International Financial Management “

Dr. Stefan Jaspersen

**Department of Business
Administration and Finance**

For the winter term 2018/19, the following syllabus applies for the above named course:

Dr. Stefan Jaspersen

Phone +49 221 470 3165
Fax +49 221 470 3992
jaspersen@wiso.uni-koeln.de
www.finance.uni-koeln.de

Content

- Basics of International Financial Management
- Global financial markets and institutions
- Management of FX Exposure
- Management of multinational companies

Outline

1. Introduction: exchange rates and the foreign exchange (FX) market
2. International monetary system
3. Balance of payments
4. Determinants of foreign exchange rates: purchasing power parity, covered interest rate parity, international fisher effect, uncovered interest rate parity, forward expectations parity
5. International capital markets: international debt and equity markets
6. International investments: motivation, instruments, international portfolio selection
7. Forwards and futures on foreign exchange: value of forwards and futures, hedging with forwards and futures
8. Swaps on foreign exchange
9. Options on foreign exchange: pricing relationships, binomial option pricing
10. Roundup - hedging currency risk: management of transaction exposure, management of economic exposure, management of translation exposure

Previous knowledge expected

As a prerequisite for the course, students must have a basic knowledge of finance from their Bachelor studies. They need to be familiar with elementary mathematics, i.e. arithmetic, solving linear equations, differentiating elementary functions, the log-function, and the exponential-function. They are expected to have a working knowledge of statistics, i.e. expectations, standard deviation, variance and covariance.

Objective (expected results of study and acquired competences)

The aim of the course "International Financial Management" is to allow students to develop the conceptual foundations and analytical skills for a basic understanding of financial management in an international context.

During the course, students will

1. analyze the financial situation of global-player companies.
2. assess securities traded on international financial markets.
3. calculate risks in an international context.
4. identify ideal combinations of financing options and investment projects.
5. illustrate theoretical knowledge using practical examples and recommend courses of action.

Teaching and learning method (delivery of skills) and workload for students

The course consists of a lecture and integrated exercise sessions.

The total workload of the course consists of 180 hours, of which 60 hours are class and 120 hours study time.

Assessment

At the end of the course there will be a 60 minutes exam (written).

Recommended Reading

The main textbook for this course is:

- Eun, Resnick: International Finance (This is the global edition of their book "International Financial Management").

In addition, students might profit from studying the following textbooks:

- Solnik, McLeavey: Global Investments.
- Sercu, Uppal: International Financial Markets and the Firm.
- Buckley: Multinational Finance.
- Hull: Options, Futures, and Other Derivatives

Materials:

The course materials consist of slides, which are made available to the students via ILIAS before class, the slides with hand-written remarks which are made available to the students after class, the assignments, and solution sketches.