40313 - International Business Finance

TEACHING PLAN

1. Basic description

   Name of the course: International Business Finance  
   Area: International Business  
   Profile: International Business in Asia, Europe and the World  
   Academic year: 2020–2021  
   Term: 1st  
   Degree / Course: Bachelor’s Degree in International Business and Marketing  
   Code: 40313  
   Number of credits: 4  
   Total number of hours committed: 100  
   Teaching language: English  
   Lecturer: Samer Ajour  
   Timetable: SIGMA Schedule  
   Office hours: TBC

2. Presentation of the course

   The increasing openness and interdependence between countries could be a simple definition of globalisation. The field of finance has the lead in this process. Throughout this course, we will focus on understanding the theory of international finance and its real-world applications from a business point of view. Understanding foreign exchange markets is key to carrying out sound and effective management of the firm from a financial perspective. And since multinational corporations face both opportunities and risks, financial management also involves designing appropriate strategies to hedge the company from actual and potential risks through the use of the different types of financial assets (such as derivatives) available for this purpose.

   International Finance is an optional course delivered in the 1st quarter of the 4th year of the International Business and Marketing Degree. It focuses on developing all international trade finance solutions and contextualising them within a working business environment.

3. Competences to be worked in the course

   General competences  
   Instrumental competences  
   G.I.2. Ability to relate concepts and knowledge from different areas.  
   G.I.4. Ability to tackle and solve problems.  
   G.I.5. Ability to take decisions in complex and changing environments.  
   General personal competences  
   Generic systemic competences  
   G.S.3. Ability to think globally.  
   Competences for applicability  
   G.A.1. Ability to apply acquired knowledge and skills.  
   G.A.2. Ability to use quantitative criteria and qualitative insights when taking decisions.
G.A.3. Ability to search and exploit new information sources.

Specific competences
Disciplinary competences
E.D.1. Facilitate understanding of the determinants and consequences of international trade and international financial transactions.
E.D.10. Introduce basic financial concepts and analytical techniques and introduce their application to international transactions.

Professional competences
E.P.1. Ability to understand the decisions taken by economic agents and their interaction in the markets.
E.P.2. Ability to analyse economic and market indicators when taking decisions within the organisation.
E.P.9. Assess and discuss an organisation's economic and financial position.
E.P.17. Ability to express and understand spoken and written communication in English at an advanced level in the international business environment.

The above competences reflect the basic competences set out in Royal Decree 1393/2007, namely:

a. Competence to comprehend knowledge, on the basis of general secondary education.
b. Competence to apply knowledge to day-to-day work in international management or marketing, in particular the ability to develop and defend arguments and to solve problems.
c. Competence to gather and interpret relevant data, enabling the development of critical judgements on the economic and social reality.
d. Competence to communicate and transmit information (ideas, problems, solutions) to a specialist and non-specialist audience.
e. Competence to develop learning activities in a relatively autonomous manner.

The competences worked on in the course are divided into two groups: those seen as a development or specification of a basic competence; and those that hone graduates' professional profile with respect to general and specific competences.

Basic competence: understanding of knowledge
I. General competences G.A.2
II. Specific competences E.D.1, E.D.10

Basic competence: application of knowledge
I. General competences G.A.3
II. Specific competences E.P.2

Basic competence: gather and interpret data
I. General competences G.A.3
II. Specific competences E.P.2

Basic competence: communicate and transmit information
I. General competences G.I.8
II. Specific competences E.P.17

Basic competence: develop learning activities
I. General competences G.I.4

Competences that hone graduates' professional profile which are not included under basic competences
In general, these competences combine the following key elements for honing students' professional profile in the area of international business and marketing:
- Provide students with the capacity to adapt to dynamic teams and environments.
- Provide students with the capacity to create their own integral vision of the operation of a business or international marketing project.
- Provide students with the capacity to take complex decisions and carry out negotiation processes.

I. General competences G.I.4, G.I.5, G.A.1
II. Specific competences E.P.9

Learning outcomes
Students will be able to understand and apply the systems and models that enable financial operations to be carried out.
The competences, the learning outcomes, the assessment elements and the quality of the learning process included in this Teaching Plan will not be affected if during the academic trimester the teaching model has to switch either to an hybrid model (combination of face-to-face and on-line sessions) or to a complete on-line model.

4. Contents

INTERNATIONAL TRADE FINANCE

Topic 1 – Introduction to International Finance
- Foreign Direct Investment
- Short- and Long-Term Financing
- Managing Net Working Capital

Topic 2 – Introduction to Risk in an International Environment
- Components of Interest Rate – Return vs. Risk
- CAPM model
- Bid/Ask
- Market Risks

Topic 3 – Foreign Exchange Market
- Functions and Structure
- Market Players
- The Spot Market
- The Forward Market

Topic 4 – Hedging and Risk Management
- Risk Management and Hedging Strategies
- Managing Economic and Translation Exposure
- Usage of Financial Products: FRAs – Futures

Topic 5 – Supply Chain Management in International Finance
- ERP Software – SAP to Manage International Transactions
- Payment Terms and Methods

Topic 6 – Export Credit Insurance and Credit Analysis
- Use of Financial Reports – D&B Reports

Topic 7 – Use of Derivate Products in International Markets
- Options
- SWAPS

5. Assessment

Regular evaluation

Your final grade will be determined by the weighted average of the following activities carried out throughout the semester:

<table>
<thead>
<tr>
<th>Assessment elements</th>
<th>Time period</th>
<th>Type of assessment</th>
<th>Assessment agent</th>
<th>Type of activity</th>
<th>Grouping</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Mandatory</td>
<td>Optional</td>
<td>Lecturer</td>
<td>Self-assessment</td>
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<td>Test of contents and attendance</td>
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<tr>
<td>Participation in planned activities in the classroom</td>
<td>Ongoing</td>
<td>X</td>
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<td>Conceptual, application-based</td>
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<tr>
<td>In-class quizzes</td>
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Class participation will be evaluated as follows:

- Demonstrate preparation: relate things to book chapters, readings and previous discussions.
- Contribute in an active and meaningful way to ongoing discussions: keep analysis focused, help in solving exercises and questions, respond thoughtfully to other students' comments, contribute to cooperative argument-building and suggest alternative ways of approaching the material.
- In-class quizzes and case studies.

Group projects

Groups of 3 students. Compulsory presentation. 2 projects: country risk (5%) and final project (10%).

Final exam

In order to be admitted for final examination, you need to obtain an average grade of at least 4.0 on your the on-going activities (participation, in-class quizzes, seminar cases and group projects). If you do not score at least 4.0 on these works, your overall course grade will be “Fail”.

Students **must take the final exam** if they want to receive a quantitative course evaluation. Students who do not sit the final exam will receive a “No Show” overall course grade.

**Resits**

Students whose final exam grade is between 2.5 and 5.0 and whose average grade for the on-going activities (participation, in-class quizzes and group projects) is above 4.0 may apply to sit a make-up exam, which will be scheduled by ESCI-UPF in due time.

You may only resit your final exam. You cannot redo the application-based activities or retake the midterm exam: you will keep the same score (and the relative weights) you originally obtained for them. Your final grade will consist of

Application-based activities + midterm exam: 50% Make-up exam: 50%

**Working competences and assessment of learning outcomes**

<table>
<thead>
<tr>
<th>Quizzes</th>
<th>GI2</th>
<th>GI4</th>
<th>GI5</th>
<th>GI8</th>
<th>GP3</th>
<th>GS3</th>
<th>GA1</th>
<th>GA2</th>
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<tr>
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<td>Case studies / class work</td>
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<td>Presentations</td>
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Any students found copying and/or plagiarising work, in whole or in part, will fail the subject. They will receive a final grade of zero and will not be allowed to take the make-up exam. In accordance with the UPF Disciplinary Rules and Regulations for Students, other additional sanctions may apply depending on the seriousness of the offence.
6. Bibliography and teaching resources


Bibliography consulted


**ICC Publications**


*UCP 600 for Documentary Credits*. International Chamber of Commerce.

*A to Z of International Trade*. International Chamber of Commerce.

7. Methodology

**Lessons**

Students will be asked to prepare readings and other materials before each lesson. This preparatory work will be evaluated either at the beginning of each lesson (by answering a questionnaire) or by giving a presentation during the lesson. In the seminars, students should put these materials and readings into practice.

During the lessons, the instructor will focus on explaining the contents and competences of the course. Students will then be asked to analyse the lesson’s contents further through specific readings suggested by the teacher.

At the end of the lesson, doubts and queries will be reviewed, students may be asked to answer a short questionnaire or solve a business case, and next lesson’s topic will be introduced.

**Seminar**

Students within a seminar group will be asked to form sub-groups of 3–4 members. A series of programmed activities will be covered during the seminar group session, to be done both individually and in groups.

Problems and exercises to prepare for discussion topics must be completed and handed in on an individual basis. These issues will be covered at the beginning of the corresponding seminar class.

8. Scheduled activities

<table>
<thead>
<tr>
<th>WEEK</th>
<th>ACTIVITY IN THE CLASSROOM</th>
<th>ACTIVITY OUTSIDE THE CLASSROOM</th>
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<tbody>
<tr>
<td></td>
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<td>Reading of</td>
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<table>
<thead>
<tr>
<th>Week</th>
<th>Lecture Date</th>
<th>Seminar Date</th>
<th>Topic</th>
<th>Additional Notes</th>
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<tbody>
<tr>
<td>1</td>
<td>21 Sep 2020</td>
<td></td>
<td>Topic 1 Introduction</td>
<td>introductory material</td>
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<td>News &amp; articles</td>
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<td>Article discussion and practice</td>
<td>Compulsory reading before class</td>
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<td>Prepare presentation</td>
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<td>Prepare questions for other groups</td>
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<td>WEEK 2</td>
<td>LECTURE 28 Sep 2020</td>
<td>SEMINAR 30 Sep 2020</td>
<td>Topic 3</td>
<td>Research – alternative hedging</td>
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<td>Practice exercises</td>
<td>FX material review</td>
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<td>WEEK 3</td>
<td>LECTURE 5 Oct 2020</td>
<td>SEMINAR 7 Oct 2020</td>
<td>Topic 3</td>
<td>FX material and International Transactions</td>
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<td>Practice exercises</td>
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<td>WEEK 4</td>
<td>LECTURE 19 Oct 2020</td>
<td>SEMINAR 14 Oct 2020</td>
<td>Topic 4</td>
<td>Additional readings</td>
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<td>WEEK 5</td>
<td>LECTURE 26 Oct 2020</td>
<td>SEMINAR 21 Oct 2020</td>
<td>Topic 4</td>
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<td>WEEK 6</td>
<td>LECTURE 2 Nov 2020</td>
<td>SEMINAR 28 Oct 2020</td>
<td>Topic 5</td>
<td>Additional readings</td>
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<td>Queries before midterm exam</td>
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<tr>
<td>WEEK 7</td>
<td>LECTURE 9 Nov 2020</td>
<td>SEMINAR 4 Nov 2020</td>
<td>Topic 6</td>
<td>Additional articles</td>
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<td>Case study – guarantees and international financing</td>
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<td></td>
<td>Prepare exercises</td>
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</table>
| WEEK 8 | LECTURE 16 Nov 2020 | SEMINAR 11 Nov 2020 | Additional readings  
Prepare case study |
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<tbody>
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<td></td>
<td>Topic 7</td>
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</tbody>
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| WEEK 9 | LECTURE 23 Nov 2020 | SEMINAR 18 Nov 2020 | Prepare final  
project presentation |
|        | Topic 7             | Course review       |                        |
| WEEK 10| LECTURE 30 Nov 2020 | SEMINAR 25 Nov 2020 |                        |
|        | Project presentation | Course review       |                        |