FI 355 International Finance
IES Abroad Nice

DESCRIPTION:
A study of 'international' finance is essential given the high degree of integration and globalization of the world economy. Further liberalization of international trade, investment and rapid advances in telecommunication and transportation technologies will ensure the continuation of this process. The material covered in this course introduces the students to the international monetary system and balance of payments, the foreign exchange market, international capital markets and institutions, management of foreign exchange and political risks, financial management of the multinational firm, and covers recent developments in international capital markets and the world economy. Students will examine the barriers to international capital flows and study the various financial techniques developed to overcome these barriers. The focus of the course is 'global' in nature and closely follows current developments on the world economic stage. It places a strong emphasis on 'connecting the dots' between theory and practice and requires the students to develop an understanding of current international financial and economic events.

CREDITS: 3 credits

CONTACT HOURS: 45 hours

LANGUAGE OF INSTRUCTION: English

INSTRUCTOR: Prof. Dr. Mohamed AROURI

PREREQUISITES: None

ADDITIONAL COST: None

METHOD OF PRESENTATION:
The course is presented in a seminar format and involves a combination of lectures, class discussions and student presentations. Current global events in international finance are integrated into the weekly discussions. Students will work on a case study, which integrates any one of the theoretical topics covered in this course with recent events in international finance. The background research and evaluation of data in the context of the underlying theory will enable the students to develop a better understanding of the selected topic.

REQUIRED WORK AND FORM OF ASSESSMENT:

- Engagement/Course participation/Assignments (20%) - Midterm Exam (25%) - Final Exam (cumulative, covers entire course material) (30%)- Research Paper (case study) (25%)

Details of Assessment:

- Final paper (case study): Students will work in small groups on the final research paper. Each group should identify one theoretical topic from the course outline and conduct research to gather data on a recent (or historic) event in international finance or the global economy. Useful sources for the research will include quality newspapers (e.g., Financial Times, Economist, New York Times, etc.) in addition to relevant books/journal articles. The objective of this coursework is to evaluate the data and to analyze and discuss the case study in the context of the underlying theoretical discussion. The detailed guidelines for this research project are provided below.
- The midterm test (2 hours) and the final exam (2.5 hours) will be closed book. The dates for these tests will be announced during the term.

- Class participation is another key component of the course. Students' contributions should reflect coverage of the reading and thinking about the relevant topical issues. The style of the discussion will be informal and participative.

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International Finance Research Paper Guidelines

The final research paper will be due in Week 13 and presented in the last class in Week 15. The word limit for this essay is 3,500 words (+/- 10%). This word count does not include your bibliography and appendices (if any).

For your course project, please select any one of the topics that we will be covering in this course. Bear in mind that these topics/chapters are rather broad and you will need to narrow down your research topic significantly. You should identify a small aspect of the theoretical discussion that interests you and focus sharply on it. In other words, you should not be providing a general overview of the chapter(s).

The next step is to identify a case study that fits your selected topic and gather data related to the surrounding events. The course outline provides you ample guidance on sources of such data. (Please do not start with a case study and then try to find the theoretical basis for it. This will not be efficient.)

The final step will be to provide a thorough analysis. How does the case study fit into the theoretical discussion? Are the facts consistent with the theory? Explain why (or why not). What lessons did you learn from this project? This analysis will carry the highest weight for this assignment.

To obtain an A grade, the submission will have to meet ALL three requirements: (1) theoretical discussion; (2) good presentation of case study supported by high quality evidence; and (3) thorough analysis. Any submissions that do not meet all the criteria will be downgraded.

Description of Assessments:

- Student Engagement: Your active participation is a key part of learning for you and your classmates. Through participation you will deepen your understanding, sharpen your critical thinking skills, and share your ideas and questions with everyone. Active participation helps you build communication skills such as expressing ideas clearly and listening with attention. Including participation to class, group, student-led discussions, in-class presentations…

LEARNING OUTCOMES:

By the end of the course, students will be able to:

- Gain a broad understanding of the key issues in international finance and their relationship with the globalized world economy.
- Identify the appropriate theoretical discussions and to evaluate their applications in the ‘real world.’
- Enable the students to demonstrate their ability to evaluate and analyze current topics in international finance in the context of the relevant theoretical material.

ATTENDANCE POLICY:

Your academics are a priority, and regular class attendance class is mandatory, respectful, and essential to academic success. Being absent from class will prevent you from maximizing your learning and will negatively affect your participation grade.
If you must be absent, please email both your professor and the academic team as soon as possible (czonza@iesabroad.org).
Absences for medical reasons and/or emergencies will be considered excused, but justification will be required.
Please arrive on time for each class meeting. Arriving late for class is disruptive for faculty members and students alike and will prevent you from maximizing your learning. If you arrive more than 10 minutes late 3 times, it will count as an absence for that course. If you arrive more than 30 minutes late, it will count as an absence.

If you are absent during an exam, presentation, or other graded in-class assignment, you must provide justification for the absence, or you will receive an automatic F.
In most cases, the justification will take the form of a *certificat médical* from a French doctor, which must be submitted within 24 hours of the absence.
It is understandable that students may occasionally be absent because they feel unwell physically or need to take a mental health day. For this reason, our attendance policy is lenient and allows each student to miss up to one class sessions without having it automatically affect the final grade in a course. Starting with the second unexcused absence, your final grade will be lowered by a third of a letter grade.

For example:
Final grade: A-
1 unexcused absence: A-
2 unexcused absences: A-
3 unexcused absences: B+
4 unexcused absences: B
And so on…

ACADEMIC INTEGRITY:

Students are expected to abide by the **IES Abroad Code of Academic Integrity**. All work submitted by a student for academic credit should constitute the student's own original work. Students agree not to engage in plagiarism, cheating, or use of unauthorized materials. Any work submitted for academic credit may be subject to review by atextual similarity detection service for the detection of plagiarism and AI usage.

CONTENT:

Session	Content	Assignments
Week 1	**Introduction to International Finance** • Introductions, student interests, relevant prior coursework & experience • Course map, format, required work and assessment • Term project guidelines: see detailed guidelines. • Weekly class format, resources, reading & class discussion assignments	• Eun, Resnick, Sabherwal, International Finance, Chapter 1
Week 2	**International Monetary System & Balance of Payments** • Historical Perspectives of International Monetary System • Flexible Exchange Rate Regime • Euro and European Monetary System • Review of past currency crises • Overview of Balance of Payments	• Eun, Resnick, Sabherwal, International Finance, Chapters 2 & 3
Week 3	**Foreign Exchange Market** • Function & structure of the foreign exchange market • International finance in practice • Market mechanics Spot and forward markets	• Eun, Resnick, Sabherwal, International Finance, Chapter 5
Week 4	**Exchange Rate Determination** • Interest rate parity • Forecasting exchange rates • Foreign exchange futures & options	• Eun, Resnick, Sabherwal, International Finance, Chapter 6

Session	Content	Assignments
Week 5	**Futures and Options on Foreign Exchange** • Options • Futures/forwards • Swaps	• Eun, Resnick, Sabherwal, International Finance, Chapter 7
Week 6	• **Review session**	• Practice exam
Week 7	• **Midterm Exam**	• Assignment(s) and/or Reading(s)
Week 8	**Strategies with Options on Foreign Exchange** • Basic positions on options • Strategies with options • Evaluation of risks and opportunities • Impact of changing exchange rates	• Eun, Resnick, Sabherwal, International Finance, Chapters 7, 14
Week 9	**Financial Management of Multinational Firm – part 1 & Project Update** • Management of economic, transaction & translation exposure • Key issues in exposure management • Review of exposure management strategies • Students will provide second status update on their final essay and project. • By this stage, all research should have been completed and the students should have begun writing up their first drafts.	• Eun, Resnick, Sabherwal, International Finance, Chapters 16, 17, 18
Week 10	**Financial Management of Multinational Firm – part 2** • Foreign direct investment (FDI) • Theory and practice of FDI • Multinational cash management	• Eun, Resnick, Sabherwal, International Finance, Chapters 16, 17 18

Session	Content	Assignments
Week 11	**International Portfolio Investment** • International diversification and portfolio risk reduction • Evaluation of risks and opportunities • Impact of changing exchange rates	• Eun, Resnick, Sabherwal, International Finance, Chapter 15
Week 12	**International capital budgeting** • Cost of capital • International investment decisions	• Eun, Resnick, Sabherwal, International Finance, Chapters 17,18
Week 13	**Review Session** • Course review. We will go over selected numerical problems covered during the course.	• Practice exam
Week 14	• **Projects' presentations**	Assignment(s) and/or Reading(s)
Week 15	**Final Exam** • Lesson Objective(s)	Assignment(s) and/or Reading(s)

COURSE-RELATED TRIPS:

- None

REQUIRED READINGS:

- *International Finance*, Eun, Choel S., Resnick, Bruce G., Sabherwal, Sanjiv (7th Global edition, 2015).

RECOMMENDED READINGS:

- Additional readings include articles from journals and newspapers.
- Students are expected to review this material weekly to prepare for class discussions

INSTRUCTOR BIOGRAPHY:

Mohamed Arouri is currently a full Professor of Finance and Sustainability at Université Côte d'Azur, France. His research interests involve several aspects in management, finance, and economics: corporate finance, financial markets, international finance, inequalities, behavioral economics, corporate social responsibility, social inclusion, sustainability and economic development. His most recent articles are published in leading refereed journals such as *Journal of Economic Dynamic & Control, Journal of Empirical Finance, Journal of Corporate Finance, Journal of International Money & Finance*, *World Development*, *Journal of Macroeconomics*, *Journal of Banking & Finance*, *The World Economy*, *Ecological Economics*, *Journal of Business Ethics*, *Macroeconomic Dynamics*, *European Business Review*, *Journal of International Financial Markets, Institutions & Money*, *Oxford Development Studies*, *Revue Finance*, and *Annals of Economics & Statistics*. With a citation count of +13,000, and an H-index of 52, he has been featured among the world's top 1% scientists by Stanford University in 2021, 2022, 2023 and 2024.