FI/IB 355 INTERNATIONAL FINANCE MANAGEMENT
IES Abroad Madrid

DESCRIPTION:
The principal objective of this course is to explain and analyze the main financial challenges to companies in an international context. Globalization, or the increasing economic integration of goods, services and financial markets at the international level, represents both opportunities and threats for governments and enterprises.
There is one main dimension separating domestic finance and international finance: International risk. Fluctuations in exchange rates, interest rates, and inflation require risk identification, risk measurement and hedging, important tasks for international finance.
This course provides discussions of some of the main challenges of international financial transactions.

CREDITS: 3 credits

CONTACT HOURS: 45 hours

LANGUAGE OF INSTRUCTION: English

PREREQUISITES: None

ADDITIONAL COST: None

METHOD OF PRESENTATION:
- Lectures
- Problem solving
- Excel programming (financial tools)
- Case discussion
- Top Executives Decision Making
- Ethical behavior doing business
- Business Plan

REQUIRED WORK AND FORM OF ASSESSMENT:
- Individual Assignments - 25%
- Individual Project - 20%
- Midterm Exam - 15%
- Final Exam - 40%

Course Element
Course Participation
Class participation is another key component of the course. Students' contributions should reflect their homework and thinking about the relevant topical issues.

Midterm & Final Exams
The mid-term and final exams will be open book. They will be taken in-class and may consist of short problems, questions in multiple choice, shot answer, or short essay format

Project
Students will work individually on the final project. The student will prepare a business plan for an international company. 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. Written reports will be a 10-max page length. The earlier the assignment is handed in, the higher the grade.

Homework

Several assignments will be introduced randomly during the course. The earlier each assignment is handed in, the higher the grade.

LEARNING OUTCOMES:

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

- Analyze the role of international capital markets in corporate financing decisions, and assess the impact of cross-border capital flows, foreign exchange markets, and global financial instruments on corporate finance
- Apply financial techniques to evaluate multinational capital budgeting projects, taking into account foreign exchange risk, political risk, tax implications, and the cost of capital in different countries
- Formulate strategies for managing financial risks faced by multinational corporations, including foreign exchange risk, interest rate risk, and geopolitical risk, through the use of derivatives and other hedging instruments
- Critically assess the influence of international corporate governance structures, legal systems, and regulatory environments on corporate financial decision-making and performance in global markets
- Evaluate the impact of international tax regimes and repatriation policies on a firm's capital structure and financing decisions, and develop strategies to optimize global tax efficiency while aligning with corporate financial objectives

ATTENDANCE POLICY:

As a member of our class community, you are expected to be present and on time every day. Attending class has an impact on your learning and academic success. For this reason, attendance is **mandatory for all IES Madrid classes**, including course-related excursions. Absences will only be excused in cases of documented medical or family emergencies. Any assessed work, including exams, tests, and presentations, will be rescheduled if the absence is justified; otherwise, it will be graded as 0. You are allowed a maximum of 1 unexcused absence for once-a-week courses and 2 unexcused absences for twice-a-week courses. Each additional absence will deduct 5 points from your final grade. **Accumulating 7 or more absences in twice-a-week courses, or 4 or more in once-a-week courses, may lead to a failing grade.** Students arriving more than 11 minutes after the scheduled start time will be marked as 'late.' Three 'late' arrivals will be counted as 1 absence. Any student arriving 30 minutes or more after the scheduled start time will be marked as 'absent.' For more information, please refer to the full Attendance and Punctuality Policy document.

CONTENT:

Week	Content	Assignments
Week 1	**Introduction**	• Slides and class material
Week 2	**The Determination of Exchange Rates (I)**	• Slides and class material • Video
Week 3	**The Determination of Exchange Rates (II)**	• Slides and class material • Excel exercise
Week 4	**Corporate Financing Overview**	• Slides and class material • Excel tool
Week 5	**Leveraged Investment**	• Slides and class material • Excel tool
Week 6	**Midterm**	

Week	Content	Assignments
Week 7	**The Balance of Payments & Financial Markets**	• Slides and class material
Week 8	**Stock valuation**	• Slides and class material
Week 9	**Bond Valuation**	• Slides and class material • Excel tool
Week 10	**The International Financial System & Investment Risk**	• Slides and class material • Excel tool
Week 11	**Futures and Options**	• Slides and class material
Week 12	**Review**	
Week 13	**Final Exam**	

COURSE-RELATED TRIPS:

- List of course-related trips. The terms “field studies” and “field trip” have been substituted by “course-related trips”. All these references should be changed to “course-related trips”

REQUIRED READINGS:

- None

RECOMMENDED READINGS:

- Ross, S. Westerfield, R. Jafe, J. and Jordan, B. (2017) Corporate Finance. Core principles and applications (Fifth Edition). McGrawHill.
- Brealey, R., Myers, S. and Marcus, A. (2012) Fundamentals of Corporate Finance, 7th Edition. McGrawHill