

# 713 International Finance

## Introduction

713 INTERNATIONAL FINANCE is designed to better develop those skills that equip students to understand and appreciate the international financial issues that companies face when they operate in several separate countries. The subject will develop both the theoretical foundation and the practical skills of those who will operate in an increasingly globalised business environment. It covers various international financial management issues, which are essential for those who are engaged and active in international business management. This course discusses various issues related to international capital markets, foreign exchange rate determination and global financial management.

### Case studies

Real-life case studies are incorporated into the subject to provide opportunities for students to apply theory into practice in an authentic context. Examples of cases include

Carrera, H., & Christmann, P.  
*Brazil (A): The Real Plan*  
 Case #UVA-BP-0429  
 Darden Business Publishing  
 16 February 2001

Kester, W., & Backstrand, K.  
*Tiffany & Co. - 1993*  
 Case #9-925-047  
 Harvard Business School Publishing  
 7 December 1994

Karolyi, A., Wynant, L., Crum, G., & Yuan, P.  
*Hutchison Whampoa Limited:  
 The Capital Structure Decision*  
 Case #99N021  
 Richard Ivey School of Business/UWO  
 (Harvard Business School Publishing)  
 7 May 2001

Huang, Y.  
*FDI in China*  
 Case #9-701-061  
 Harvard Business School Publishing  
 30 June 2003

### Who should attend

- Executives wishing to enhance their understanding of issues related to international finance
- Finance managers seeking to refresh their knowledge of finance in multinational environments
- Decision makers involved in operating, investment and financial decisions in an international context

### Learning objectives

Upon completion of this subject, students should be able to

- identify the underlying factors that contribute to the process of globalisation and the expansion of the international business activities of companies
- describe the foreign exchange markets operations and its applications to international business and apply the necessary techniques to hedge and protect the interest of international investors
- evaluate the most effective capital for financing international projects and ensure sustainable global business expansion
- apply international financial techniques that could assist company managers to diversify their international operations and enhance the capacity of multinational companies to manage their global financial interests
- identify those factors that contribute to effective international investment strategies

### Delivery method

The subject is delivered online over a 12-week period, with an assigned Professor acting as mentor. The class will comprise students from different countries and industry backgrounds. Practical case studies and discussions help to stimulate learning and knowledge exchange, while an examination at the end of the subject will help students review and apply the acquired knowledge and skills.

### Prerequisites

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### Assessment

Case analyses (team and individual)	45%
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Discussion board activities	30%
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Final examination	25%
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# Syllabus

## Segment 1: Introduction

Students are introduced to the syllabus, the resources and communication tools available within the course.

## Segment 2: Environment of International Finance

The segment critically analyses the role of multinational companies in the process of financial markets integration. It also discusses the issues related to international finance with a specific focus on the international monetary system, the European single currency, the role of balance of payments in international investment and the issues related to country risk in international investments.

## Segment 3: Foreign Exchange Risk Management

The segment deals with foreign exchange, derivatives markets and foreign exchange risk management. It also deals with the ways in which multinational companies should hedge themselves against the fluctuations of foreign exchange markets when they operate in different locations for production. This segment will deal with issues related to foreign exchange markets which will assist in a better understanding of the ways international business activities should be managed.

## Segment 4: Financing International Projects

The segment deals with international financial markets and issues related to securing the most competitive access to capital markets for global investment. It also discusses issues related to strategies for global capital raising and project financing including Euromarkets, bonds, bank loans, Eurobonds, cost of capital and establishing a worldwide capital structure for those companies and international investors who are subject to international risk exposure.

## Segment 5: International Investment Analysis

The segment discusses the benefits of international bond and stock markets, analyses the issues related to optimal international asset allocation, discusses the issues related to foreign direct investment and the process of expansion overseas. Furthermore, this segment analyses those issues that multinational companies should consider when they undertake international investment such as foreign tax regulations, expropriation, blocked funds and project specific financing.

## Segment 6: International Working Capital Management

This segment deals with issues related to international trade finance and multinational financial system management. Such issues include those relating to trade finance, transfer pricing, leading and lagging, financing through debt versus equity, inter-company loans and invoicing centres.

### Required textbook

Shapiro, A.C. (2006). *Multinational financial management (8th ed.)*. Wiley.

# Global Faculty

## Subject Author

Professor Toan Pham  
University of New South Wales

## Subject Reviewer

Professor Helen Lange  
Professor Emeritus, U21Global

**U21Global subjects are created by acknowledged experts in their field, usually senior academics who have strong understanding of postgraduate requirements. The subject content is further reviewed by academic specialists who appraise the subject from an independent perspective, ensuring a high-quality, professional product.**

713 INTERNATIONAL FINANCE was created for U21Global by **Toan Pham**, Associate Professor of Finance at the University of New South Wales, Australia. His teaching and research range from corporate finance to asset pricing and derivatives. He has over 12 years of experience in teaching and course development with distance and online learning programmes. Dr Pham developed and taught undergraduate and graduate courses in banking and finance at the University of New South Wales and its joint Master programmes with leading universities in Beijing and Guangzhou, China.

The subject was reviewed by **Helen Lange**, Professor Emeritus of U21Global. Her career spans professional roles in the banking and finance industry, as well as academic positions in banking and finance, and management. Dr Lange's areas of expertise are financial management, enterprise risk management, corporate governance, financial risk management and bank management. She is a Fellow of the Financial Services Institute of Australia, a founding board member of the Turnaround Management Association in Australia, and a member of a number of international finance and economics associations. She has a PhD from Macquarie University.

## Professors

**Students' progress will be guided by dedicated Professor Facilitators based around the world. They provide an international perspective and impart knowledge through a wealth of experience in their field of specialisation. Our Professor Facilitators will help students make sense of the information to enable students to transform the information into knowledge and creative solutions.**



**Sivakumar  
VENKATARAMANY**

Sivakumar Venkataramany is an Associate Professor of Management at the Dauch College of Business and Economics, Ashland University, Ohio, US. His teaching specialisations are Global Finance, International Business and Emerging Markets. He is a visiting Professor of International Finance at the Universidad del Pacifico, Ecuador. He also teaches the DBA and MBA programmes of Southern California University for Professional Studies, North Central University, Hanoi University of Technology in Beijing, Shanghai, Hanoi and Ho Chi Minh City. He is co-author of International Banking: Handbook of Modern Finance, published by Warren, Lambert and Gotham, and Competitive Strategies of International Financial Institutions, Blackwell Publications. He earned his PhD in International Banking and International Business, MS (Computer Information Systems) and MBA (Finance) at the University of Miami, Coral Gables, Florida, US.



**Kent MILLINGTON**

Kent Millington is currently a business consultant and President of IPDevPro, a company specialising in evaluation and commercialisation of intellectual property. Dr Millington is also an adjunct professor of Entrepreneurship and Finance at the University of Science and Technology of China, Hefei. As an entrepreneur in residence at Utah Valley State College's Business Department in 2004-2007, he conducted courses in entrepreneurship, mentored students and helped develop a business incubator. He has published extensively in academic journals and co-authored three books on finance and entrepreneurship. Dr Millington earned a DBA from California Coast University and completed his PhD.



**Binay Bhushan  
CHAKRABARTI**

Binay Bhushan Chakrabarti is a Professor of Finance at the Indian Institute of Management, Calcutta in India. He has 24 years of industry experience at senior management levels. He runs a successful online executive development programme on corporate finance in association with Macmillan India. Dr Chakrabarti has conducted many training programmes for working executives in financial management, derivatives and risk management. He has also served as a consultant for projects commissioned by the Asian Development Bank and Centre for Development and Environment Policy. Dr Chakrabarti has a PhD in Economics from Jadavpur University, Calcutta.