

# IB394-15 International Financial Management

**23/24**

**Department**

Warwick Business School

**Level**

Undergraduate Level 3

**Module leader**

Arie Gozluklu

**Credit value**

15

**Module duration**

10 weeks

**Assessment**

Multiple

**Study location**

University of Warwick main campus, Coventry

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## Description

### Introductory description

This is an elective module available for WBS and non-WBS students.

- a) To extend students' knowledge and understanding of the theory of corporate financial management to include firms that operate in an international context.
- b) To develop students' critical reasoning skills in the context of international financial risk management.
- c) To equip students with the practical skills required of financial managers in international companies.

[Module web page](#)

### Module aims

- a) To extend students' knowledge and understanding of the theory of corporate financial management to include firms that operate in an international context.
- b) To develop students' critical reasoning skills in the context of international financial risk

management.

c) To equip students with the practical skills required of financial managers in international companies.

## **Outline syllabus**

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

History and background of the development of the international monetary system.

The market for foreign exchange.

International parity relations and forecasting exchange rates.

International money, equity and bond markets.

Currency forwards and futures markets, swap markets and options markets.

Managing economic, transaction and translation exposure.

International portfolio investment.

Foreign direct investment.

International capital budgeting.

International taxation.

## **Learning outcomes**

By the end of the module, students should be able to:

- A systematic understanding of foreign exchange markets and how the foreign exchange risk is managed.
- Application of relevant knowledge to a range of situations in an international valuation and investment context.
- Using analytical models and/or spreadsheets to undertake analyses of the foreign exchange markets.
- Evaluating the weaknesses of standard econometric models to forecast exchange rates.

## **Indicative reading list**

Bekaert, G. and R.J. Hodrick (BH, 2017). International Financial Management, Third Edition. Pearson Prentice Hall.

Eun, C.S and B.G. Resnick (ER, 2014), International Finance (Global Edition). McGraw-Hill.

Eun, C.S., Resnick, B.G., and S. Sabherwal (ERS, 2012). International Finance (Global Edition). McGraw-Hill.

## **Subject specific skills**

Identification of foreign exchange risks run by international firms.

Decision to hedge foreign exchange risk and strategies to alleviate exchange-rate risk.

Computing the arbitrage opportunities in the FX market.

Stating and applying the Interest-Rate Parity and Purchasing Power Parity theorems in the context of foreign exchange.

Evaluating the information contained in the Balance of Payments (BOP).

## Transferable skills

Understanding of commonly used empirical and econometrics tools in international finance; ability to analyse data.

Oral communication skills to discuss policy relevant questions in seminar discussions.

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## Study

### Study time

| Type          | Required                     |
|---------------|------------------------------|
| Lectures      | 10 sessions of 2 hours (26%) |
| Seminars      | 9 sessions of 1 hour (12%)   |
| Private study | 48 hours (62%)               |
| Total         | 77 hours                     |

### Private study description

No private study requirements defined for this module.

## Costs

No further costs have been identified for this module.

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## Assessment

You do not need to pass all assessment components to pass the module.

### Assessment group D1

|                       | Weighting | Study time |
|-----------------------|-----------|------------|
| Participation         | 10%       | 8 hours    |
| In-person Examination | 90%       | 65 hours   |

- Answerbook Pink (12 page)
- Students may use a calculator

### Assessment group R2

|  | <b>Weighting</b> | <b>Study time</b> |
|--|------------------|-------------------|
| In-person Examination  | 100%             |                   |
| <ul style="list-style-type: none"> <li>• Answerbook Pink (12 page)</li> <li>• Students may use a calculator</li> </ul> |                  |                   |

## Feedback on assessment

Feedback via My.WBS

[Past exam papers for IB394](#)

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## Availability

### Pre-requisites

To take this module, you must have passed:

- Any of
  - [IB235-15 Finance 1: Financial Markets](#)
  - [IB266-15 Fundamentals of Finance](#)
  - [IB253-15 Principles of Finance 1](#)

## Courses

This module is Optional for:

- UIBA-MN34 Law and Business Four Year (Qualifying Degree)
  - Year 3 of MN34 Law and Business Studies Four Year (Qualifying Degree)
  - Year 4 of MN34 Law and Business Studies Four Year (Qualifying Degree)
  - Year 4 of MN34 Law and Business Studies Four Year (Qualifying Degree)
- UECA-3 Undergraduate Economics 3 Year Variants
  - Year 3 of L100 Economics
  - Year 3 of L100 Economics
  - Year 3 of L100 Economics
  - Year 3 of L116 Economics and Industrial Organization
  - Year 3 of L116 Economics and Industrial Organization
- UECA-4 Undergraduate Economics 4 Year Variants
  - Year 4 of L103 Economics with Study Abroad
  - Year 4 of LM1H Economics, Politics & International Studies with Study Abroad
  - Year 4 of LM1H Economics, Politics & International Studies with Study Abroad
  - Year 4 of L114 Industrial Economics with Study in Europe
- UECA-LM1D Undergraduate Economics, Politics and International Studies
  - Year 3 of LM1D Economics, Politics and International Studies

- Year 3 of LM1D Economics, Politics and International Studies
- UPHA-L1CA Undergraduate Economics, Psychology and Philosophy
  - Year 3 of L1CA Economics, Psychology and Philosophy
  - Year 3 of L1CC Economics, Psychology and Philosophy (Behavioural Economics Pathway)
  - Year 3 of L1CD Economics, Psychology and Philosophy (Economics with Philosophy Pathway)
  - Year 3 of L1CE Economics, Psychology and Philosophy (Philosophy and Psychology Pathway)
- UPHA-L1CB Undergraduate Economics, Psychology and Philosophy (with Intercalated Year)
  - Year 4 of L1CG Economics, Psychology and Philosophy (Behavioural Economics Pathway) (with Intercalated Year)
  - Year 4 of L1CH Economics, Psychology and Philosophy (Economics with Philosophy Pathway) (with Intercalated Year)
  - Year 4 of L1CJ Economics, Psychology and Philosophy (Philosophy and Psychology Pathway) (with Intercalated Year)
  - Year 4 of L1CB Economics, Psychology and Philosophy (with Intercalated Year)
  - Year 4 of L1CB Economics, Psychology and Philosophy (with Intercalated Year)
- Year 3 of UIBA-MN31 Undergraduate Law and Business Studies
- UIBA-MN32 Undergraduate Law and Business Studies
  - Year 3 of MN32 Law and Business Studies (Four-Year)
  - Year 4 of MN32 Law and Business Studies (Four-Year)
- Year 5 of UIBA-MN37 Undergraduate Law and Business Studies (Qualifying Degree) with Intercalated Year
- UIBA-MN35 Undergraduate Law and Business Studies with Intercalated Year (3+1)
  - Year 3 of MN35 Law and Business Studies with Intercalated Year (3+1)
  - Year 4 of MN35 Law and Business Studies with Intercalated Year (3+1)
- Year 5 of UIBA-MN36 Undergraduate Law and Business Studies with Intercalated Year (4+1)
- USTA-G300 Undergraduate Master of Mathematics, Operational Research, Statistics and Economics
  - Year 3 of G300 Mathematics, Operational Research, Statistics and Economics
  - Year 4 of G300 Mathematics, Operational Research, Statistics and Economics
- Year 3 of UMAA-GL11 Undergraduate Mathematics and Economics
- Year 4 of UECA-GL12 Undergraduate Mathematics and Economics (with Intercalated Year)

This module is Unusual option for:

- UPHA-L1CA Undergraduate Economics, Psychology and Philosophy
  - Year 2 of L1CA Economics, Psychology and Philosophy
  - Year 3 of L1CA Economics, Psychology and Philosophy
- UPHA-V7ML Undergraduate Philosophy, Politics and Economics
  - Year 3 of V7ML Philosophy, Politics and Economics (Tripartite)
  - Year 3 of V7ML Philosophy, Politics and Economics (Tripartite)
  - Year 3 of V7ML Philosophy, Politics and Economics (Tripartite)

This module is Option list A for:

- Year 4 of USTA-G300 Undergraduate Master of Mathematics, Operational Research, Statistics and Economics
- Year 5 of USTA-G301 Undergraduate Master of Mathematics, Operational Research, Statistics and Economics (with Intercalated

This module is Option list G for:

- UPHA-V7ML Undergraduate Philosophy, Politics and Economics
  - Year 2 of V7ML Philosophy, Politics and Economics (Tripartite)
  - Year 2 of V7ML Philosophy, Politics and Economics (Tripartite)
  - Year 2 of V7ML Philosophy, Politics and Economics (Tripartite)