Course Change Request

Date Submitted: 02/26/18 10:52 am

Viewing: FINC 445 : International Finance
Also Known As: IBUS 446
Last edit: 02/27/18 8:24 am

Changes proposed by: jyescottshafer

Programs referencing this course:
- CERT-CU30: International Business Studies - Certificate
- CERT-CU36: Latin American Business - Certificate

Other Courses referencing this course:
- As A Banner Equivalent: IBUS 446: International Finance

Faculty Senate Number

Contact(s)

<table>
<thead>
<tr>
<th>Name</th>
<th>E-mail</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jye Shafer</td>
<td><a href="mailto:jyescottshafer@tamu.edu">jyescottshafer@tamu.edu</a></td>
<td>9798457256</td>
</tr>
</tbody>
</table>

Rationale for Course

Edit

Other

Explain other rationale

Proposed changes are to fulfill new "non-traditional" requirements for study abroad courses

Course prefix  FINC  Course number  445
Department       Finance
College/School  Mays Business School
Academic Level  Undergraduate
Undergraduate course level justification (Select One)

Academic Level (alternate)  Graduate
Effective term  2018-2019

Complete Course Title
International Finance

Abbreviated Course Title  INTERNATIONAL FINANCE

Catalog course description

International business transactions, balance of payments and exchange rate systems, exchange rate risk and hedging techniques, sources of funding, relation to international financial institutions and capital instruments; foreign direct investment; international asset and liability management.

Prerequisites and Restrictions

FINC 351 and FINC 361; ACCT 328 or concurrent enrollment.

Concurrent Enrollment  No
Should catalog prerequisites / Yes
Enforced Prerequisites / Concurrent Enrollment

<table>
<thead>
<tr>
<th>And/Or</th>
<th>Course Prefix/Number</th>
<th>Min Grade/Score</th>
<th>Academic Level</th>
<th></th>
<th>Concurrency?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(</td>
<td>FINC 421</td>
<td>D</td>
<td>UG</td>
<td>)</td>
<td>No</td>
</tr>
<tr>
<td>Or</td>
<td>FINC 351</td>
<td>D</td>
<td>UG</td>
<td>)</td>
<td>No</td>
</tr>
<tr>
<td>And</td>
<td>FINC 434</td>
<td>D</td>
<td>UG</td>
<td>)</td>
<td>No</td>
</tr>
<tr>
<td>Or</td>
<td>FINC 361</td>
<td>D</td>
<td>UG</td>
<td>)</td>
<td>No</td>
</tr>
</tbody>
</table>

Crosslistings: Yes Crosslisted With: IBUS 446
Stacked: No

Semester: 3 Credit Hour(s): 3 Contact Hour(s) (per week):
Lecture: 3 Lab: 0 Other: 0 Total: 3
Repeatable for credit: No
Three-peat: No
CIP/Fund Code: 5211010016
Default Grade Mode: Letter Grade(G)
Alternate Grade Modes: Satisfactory/Unsatisfactory
Method of instruction: Lecture
Will sections of this course be taught as non-traditional? (i.e., parts of term, distance education): Yes

Learning Outcomes

Meets traditional face-to-face learning outcomes.

Describe how learning outcomes are met or provide justification why they are not met.

Students meet for multiple pre-departure meetings and also sit for class at our partner institution, EM Strasbourg. The FINC 445 material is co-taught by TAMU’s Dr. Julian Gaspar and a faculty member from EM Strasbourg.

Hours

Meets traditional face-to-face hours.

Describe how hours are met or provide justification why they are not met.

The 45 contact hours are met by combining pre-departure meetings with time spent in class and on assignments over 4 weeks while in France at EM Strasbourg.

Will this course be taught as a distance education course? No

Is 100% of this course going to be taught in Texas? No

Will classroom space be needed for this course? No

This will be a required course or an elective course for the following programs:

Required (select program)
### Course Syllabus

<table>
<thead>
<tr>
<th>Syllabus:</th>
<th>Upload syllabus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upload syllabus</td>
<td><a href="2018%20IBUS%20444%20FINC%20445%20Course%20Syllabus.docx">2018 IBUS 444 FINC 445 Course Syllabus.docx</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Letters of support or other documentation</th>
<th>Yes No</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional information</th>
<th>Yes No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reviewer Comments</th>
<th>Yes No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sandra Williams (sandra-williams) (03/09/18 3:33 pm): UCC approved March 9 via e-vote.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reported to state?</th>
<th>Yes No</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
Today’s financial environment is heavily influenced by globalization, information technology, and ethics. Relatively recent global developments include: the American credit crisis; the European sovereign debt crisis and its impact on the “euro”; continued pegging to anchor currencies like the U.S. dollar and the Japanese yen; and the emergence of the Chinese yuan in the SDR basket, all of which have serious business implications world-wide. With the liberalization of international trade and investment on a multilateral basis, it is imperative that all business majors, especially those in the finance field, have a fundamental understanding of International Financial Management.

COURSE OBJECTIVES
The goal of this course is to provide you with a strong foundation in international financial management, which will:

- Provide you with a solid understanding of exchange rate systems and their determinants
- Enable you to interpret and respond to the day-to-day financial challenges faced by firms in a global geopolitical setting
- Empower you to measure and manage foreign exchange risk with key currency derivatives
- Enable you with some basic analytical tools that would help you to make sound long-term foreign direct investment

COURSE CONTENT
This is a structured course, which examines the problems, techniques, and policies of financial decision-making in a global geopolitical environment. The course is divided into three segments. First, we will survey the macro environment, i.e., the geopolitical and international monetary environment, including the balance of international payments, the workings of the international credit and foreign exchange markets, exchange rate determination, the role of international economic policy institutions, and key theories of international finance. Second, we will examine at the micro level, the role of exchange rates in international corporate decision making, i.e., foreign exchange risk measurement/management, and financing international trade. Finally, we will analyze why (and how) firms go abroad and how foreign direct investment and acquisitions are financed. The course’s pace will be quite rapid because of the subject matter’s broad scope. It may not be possible, therefore, to explore all aspects of international financial management nor with the preferred degree of depth. A background in principles of macro and microeconomics, and business finance (FINC 341) will be required for this course. If you have any questions about your eligibility to be enrolled in this course, please contact Undergraduate Advising. This challenging course will be of great interest for students seeking a career in domestic or
international business, or with federal or multilateral institutions. Yet, rapid globalization of business and increased interdependence of nations will enable even cattle ranchers to find the lectures and discussions useful in their day-to-day decision-making.

LEARNING OBJECTIVES
After successful completion of this course, you should be able to:

- Explain how the international monetary and exchange rate systems operate.
- Analyze a country’s balance of payments and its impact on the nation’s exchange rate.
- Explain how exchange rate determinants impact forecasting exchange rates in a floating rate system.
- Evaluate and identify the optimum approach to finance international trade.
- Interpret the key theories of international finance.
- Explain what is meant by foreign exchange exposure, how it is measured, and offer strategies to minimize foreign exchange exposure risk.
- Identify methods through which firms may “go international” and evaluate the financial risk associated with each approach.
- Appraise the motives of MNC’s wanting to establish a subsidiary abroad.
- Calculate the weighted average cost of capital of a MNC and determine how and why it differs from the firm’s required rate of return.
- Explain with the help of international cash flow statements why capital budgeting analysis most often must be conducted from the viewpoint of a MNC parent rather than its subsidiary.
- Determine how to screen competing international projects before acquiring the target firm whose value is determined by utilizing capital budgeting analysis.
- Explain how a MNC would decide to divest some of its operating units.

REQUIRED TEXT

POWERPOINT PRESENTATIONS & HANDOUTS

| Chapter 1-21 PowerPoints | Sample Mid-Term Exam | Sample Final Exam |
Please print out the PowerPoint slides, six to a page, so that you can take down notes when I am teaching. Please note that I may not use all slides of some chapters during my lectures.

CLASS STRUCTURE

Approach
Classes will generally commence with an analysis and discussion of current global geopolitical business/economics/financial issues. You are required to read financial newspapers regularly, (e.g., The Wall Street Journal or The Financial Times), in order to follow closely the changes taking place in the global business environment. A detailed discussion of assigned readings or a lecture on the theories, approaches, and application of policy tools will follow. Because of the diverse background of students, we will try to follow the text closely and at the same time integrate current international financial developments to the course. Questions on the exams will cover guest lecturers (if any), video presentations and classroom discussions/current issues, which may or may not be covered in the text. It is therefore imperative that you attend classes regularly, in body and in mind.

Operating Plan

1. It is mandatory that you attend classes regularly and be well prepared for discussions of assigned readings (see “Tentative Course Outline” below). I will periodically ask questions to stimulate discussion and your thought process. Some of the lectures covered in class will utilize PowerPoint slides. As I have indicated above, to save writing time, you may want to print slides from e-campus website (3 or 6 slides to a page). Since classroom discussion will rely on a thorough understanding of what was covered in the previous class, please read your textbook regularly.

2. It is important that you work as many end of chapter problems as you can so that you understand key concepts and definitions. For a start, work the Self-Test problems at the end of each chapter in the text. Please review sample mid-term and finals in the e-campus link.

3. Current issues related to European/international business, economics, finance, geopolitics, and trade will be discussed in class, along with some readings, video taped programs and guest speaker presentations. You will be examined on the content.

Grade Determination

- 10% – France Program Blog (2 @ 5 points each)
- + 20% – Quiz: Corporate/Institutional Visit (4 @ 5 points each)
- + 35% – Exam 1 (combination of multiple choice and problems)
- + 35% – Final Exam (combination of multiple choice and problems)
- = 100% – Total Possible

Grade Range

- A = 90 to 100
- B = 80 to 89.9
- C = 70 to 79.9
- **D = 60 to 69.9**
- **F = 0 to 59.9**

If, at the end of the course, it is determined that a curve is needed, the cut off for various grades will be adjusted accordingly to determine the appropriate letter grade. In order to ensure that all students are treated in an equitable manner, everyone’s grade will be determined solely based on their performance on the four items listed above. Nothing can be done for extra credit.

**POLICIES**

**Make-Up Exams**

If you are unable to take an exam for a valid reason, recognized by the university, such as illness or death in the family, a make-up exam will be scheduled. However, you will be required to produce documentary evidence to substantiate your claim. The make-up exam could consist of multiple choice and/or essay type questions. The make-up exam will generally be given within one week of the date of the exam. It is your responsibility to schedule the date of the make-up exam with me. An unexcused absence during a scheduled examination will be recorded as a “zero” on your record.

**Academic Integrity Statement**

**AGGIE HONOR CODE:** “Aggies do not lie, cheat or steal nor tolerate those that do.”

Scholastic dishonesty (all forms of cheating and plagiarism) will not be tolerated. Moreover, the full consequences of scholastic dishonesty will be pursued consistent with University policy. As commonly defined, plagiarism consists of passing off one’s own ideas, words, writings, etc., which belong to another. In accordance with this definition, you are committing plagiarism if you copy the work of another person and turn it in as your own, even if you should have permission of that person. If you have any questions regarding plagiarism, consult the latest issue of the Texas A&M University Student Rules, under the section “Scholastic Dishonesty.” Upon accepting admission to Texas A&M University, a student immediately assumes a commitment to upload the Aggie Honor Code, to accept responsibility for learning and to follow the philosophy and rules of the Honor System. Ignorance of the rules does not exclude any member of the Texas A&M University community from the requirements or the processes of the Honor System. For additional information visit: [http://aggiehonor.tamu.edu](http://aggiehonor.tamu.edu). Students should understand the extreme seriousness with which the instructor regards violations of the honor code.

**ADA Policy**

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability
Dr. Julian Gaspar

Dr. Julian Gaspar is the Executive Director of the Center for International Business Studies and Clinical Professor of Finance at Mays Business School, where he is responsible for internationalizing the business school’s curriculum, students and faculty. Dr. Gaspar is the director of Texas A&M University’s Center for International Business Education and Research (CIBER) program (one of 17 such centers in the nation), which is funded by the U.S. Department of Education. He teaches international finance, FINC 645 in College Station in the fall, and FINC 445/645 during the summer in Strasbourg, France where he conducts a 5-week Mays Study Abroad Program with 30 Aggies each year. Dr. Gaspar also conducts two other study abroad programs, one in China and the other in India. Dr. Gaspar has a B.S. in Chemical Engineering from the University of Madras in India, an MBA from Indiana University – Bloomington, and a Ph. D. in International and Monetary Economics from Georgetown University in Washington, D.C. Dr. Gaspar has been with Mays Business School since 1991. Prior to joining TAMU, Dr. Gaspar was an International Economist with the World Bank in Washington, D.C. for four years. His responsibilities included financial and industrial restructuring of developing and transition economies of Central Europe and the Middle East. He has extensive experience in international project economic and financial analysis having worked for the International Finance Corporation (part of the World Bank Group) as well as a consultant with the U.S. Department of State. Dr. Gaspar also has extensive corporate experience having worked as an international economist with the Bank of America in Tokyo and in San Francisco for several years where he conducted country and industry risk analysis and researched and analyzed debt problems of developing countries. Dr. Gaspar devised financial restructuring strategies for Bank of America associated with the Philippines debt crisis in 1985. Dr. Gaspar has traveled/worked in over 65 countries covering all continents. Dr. Gaspar implemented a U.S. Department of State-funded project to help set up the first modern graduate
business school in Tashkent, Uzbekistan. Dr. Gaspar also teaches executive programs in Guatemala and in France. He and some of his Mays colleagues developed and published six Russian business cases. Dr. Gaspar is the lead-author of two textbooks, “Introduction to Business” (2e, 2015) and “Introduction to Global Business” (2e, 2016) published by South-Western Cengage Learning.

### TENTATIVE COURSE OUTLINE

<table>
<thead>
<tr>
<th>PART 1</th>
<th>INTERNATIONAL FINANCIAL SYSTEM</th>
</tr>
</thead>
</table>
| **Week 1** | Chapters 1, 2, 3, & 6  
Course Overview, DVD (Inside Job) & discussion  
1: International Financial Management: An Overview  
2: International Flow of Funds (US BOP Analysis using IMF annual data)  
China, Guatemala, US (pages from 2017 International Financial Statistical Yearbook)  
3: International Financial Markets  
6: Exchange Rate Systems  
The “Peaceful” Rise of China: J. Gaspar  
The Contagion Out of China: Bloomberg Businessweek, August 31, 2015  
Emerging Giants: Business Week, July 31, 2006  
Plan B for World Trade: Go Regional, Financial Times, August 16, 2006 |
| Wednesday, May 30 | Morning: Corporate visit to Mercedes Benz, Rastatt (Germany)  
After lunch: Cultural Visit to Haut-Koenigsbourg Castle (Colmar, France) |
| Thursday, May 31 | European Commission, Brussels (Belgium) |
| Wednesday, June 6 | Presentation by Dr. Kevin MacGabhann: Doing Business in Europe 9:30 a.m.  
Presentation by Mr. Frank Becker, ADIRA, 1:30 p.m. |
| **Week 2** | Chapters 4, 5, & 7  
Quiz #1 (Mercedes Benz) and #2 (European Commission)  
4: Exchange Rate Determination  
5: Currency Derivatives  
7: International Arbitrage and Interest Rate Parity  
Evolution of the European Union and the “euro”: J. Gaspar  
The American Credit Crisis of 2008: J. Gaspar |
<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friday, June 9</td>
<td>Paris Cultural Visits</td>
</tr>
<tr>
<td>Saturday, June 10</td>
<td>Paris Visits: <a href="https://www.chateaudeverailles.fr">Chateau de Versailles</a> and <a href="https://www.louvre.fr">The Louvre Museum</a></td>
</tr>
<tr>
<td><strong>PART 2</strong></td>
<td>FOREIGN EXCHANGE EXPOSURE MEASUREMENT &amp; MANAGEMENT</td>
</tr>
</tbody>
</table>
| Week 3             | Chapters 8, 10, & 11  
8: Relationships among Inflation, Interest Rates, and Exchange Rates  
10: Measuring Exposure to Exchange Rate Fluctuations  
11: Managing Transactions Exposure, The Big Mac Index 2016 |
| Wednesday, June 13 | 8:15 a.m.: Visit to [European Parliament, Strasbourg](https://www.europarl.europa.eu)  
3:30 p.m.: Visit to [Council of Europe, Strasbourg](https://www.coe.int) |
| Wednesday, June 14 | 10:00 a.m.: [MID-TERM EXAM](https://www.euractiv.com) (Chapters 2-8)      |
| **PART 3**         | INTERNATIONAL ASSET & LIABILITY MANAGEMENT                               |
| Week 4             | Chapters 12, 13, & 14  
Quiz #3 (European Parliament & Council of Europe)  
12: Managing Economic Exposure and Translation Exposure  
13: Direct Foreign Investment  
DVD: Black Money; The Curse of Inca Gold  
14: Multinational Capital Budgeting |
| Thursday, June 21  | Visit with the [KPMG & ECB (European Central Bank)](https://www.kpmg.com)   |
| Week 5                                      | Chapter 15, 17, & 19 Quiz #4 (KPMG & ECB) | 15: Multinational Restructuring  
|                                            |                                           | 17: Multinational Cost of Capital and Capital Structure  
|                                            |                                           | 19: Financing International Trade  
| Tuesday, June 26                           | 10:00 a.m.: **FINAL EXAM** (Chapters 10-15, 17, & 19) |  
| Thursday, June 28                         | Free Day                                  |