

27350 - International Financial Management

Syllabus Information

Academic year: 2024/25

Subject: 27350 - International Financial Management

Faculty / School: 109 - Facultad de Economía y Empresa

Degree: 448 - Degree in Business Administration and Management

ECTS: 6.0

Year: 4

Semester: Second semester

Subject type: Optional

Module:

1. General information

The main goal of this subject is, therefore, to provide the necessary knowledge to carry out international financial operations, both in financial markets and in the area of corporate finance. This requires an understanding of market operations, how participating agents work, and the most important products in international financial markets, as well as the essential elements of international trade and direct investment analysis.

Financial markets operate internationally 24 hours a day, every day of the week. Transactions can be made almost continuously. Therefore, to improve the decision-making process about funding and investment strategies, it is necessary to know both the operational procedures of the international financial environment and the opportunities it offers.

These approaches and objectives are aligned with the Sustainable Development Goals (SDGs) of the 2030 agenda and certain specific goals (<https://www.un.org/sustainabledevelopment/en/>), contributing to some extent to their achievement. Specifically, the activities planned in the subject will contribute to achieving objectives 4, 8 and 9.

2. Learning results

1. To handle exchange rates confidently: to know and to understand currency markets, both spot and forward markets, their vocabulary, usual operations, pricing mechanisms and the detection of arbitrage opportunities.
2. To know and understand the functioning of the international credit market and international debt issues, in the short and the long term, under the public and private debt perspectives.
3. To choose the appropriate funding strategy in international markets: to select the right instrument and its terms and conditions, as well as to assess its advantages and disadvantages.
4. To know and to understand the functioning of the major international stock markets and the fundamental elements of international portfolio management.
5. To clearly identify and define different types of international financial risks and risk positions.
6. To propose different alternatives to manage international financial risks, quantify the results of using different financial instruments, and describe their limitations.
7. To know the most critical derivatives markets and instruments, their main characteristics, operating procedures and pricing procedures.
8. To evaluate the most common hedging instruments in the international context: futures, options and swaps.
9. To understand foreign trade operations.
10. To know and understand the differences between the analysis of local or domestic investment and direct foreign investment in order to apply the most common assessment tools and methodologies appropriately.

3. Syllabus

Topic 1. Introduction: International economic transactions.

SECTION I. CURRENCY MARKETS

Topic 2. Currency markets and determination of foreign exchange.

SECTION II. FINANCING IN INTERNATIONAL CAPITAL MARKETS

Topic 3. International credit markets.

Topic 4. International bond markets.

Topic 5. Foreign stock markets: diversification/anticipation strategies.

SECTION III. INTERNATIONAL RISK MANAGEMENT

Topic 6. International risk management: exposure type and control strategies.

Topic 7. Financial futures and options: pricing and hedging strategies.

Topic 8. Interest rate swaps: mechanisms, risk and valuation.

Topic 9. Currency swaps: mechanisms, risk and valuation.

Topic 10. Financial engineering applied to hedging of interest rates and exchange rates.

SECTION IV. FOREIGN DIRECT INVESTMENTS AND FOREIGN TRADE

Topic 11. Assessment of foreign direct investments.

Topic 12. Foreign trade techniques.

4. Academic activities

- Lectures (30 hours). In these sessions, the lecturer presents and explains the basic concepts of the lessons, including some

examples, cases or news which may be related to the current topic.

- Practice sessions (30 hours). Problem-solving sessions in which students will solve the exercises and cases proposed by the teacher. Some of the practical classes are carried out in computer rooms.
 - Autonomous work and study / tutorials (90 hours). Students will have office hours available for consultation about both theoretical and practical issues related to the subject.
 - The Moodle application will be used to provide students with the main information and content of the subject.
 - Estimated Personal Study: 80 hours
 - Evaluation Tests: 2 continuous evaluation tests during class time, and global tests if needed (90 minutes each test).
- 6 ECTS = 150 hours

The teaching methodology is planned to pivot around face-to-face classes. However, if necessary for health reasons, face-to-face classes may be taught semi-face-to-face or online.

5. Assessment system

The subject will be evaluated by continuous assessment in the first call, with the possibility of global evaluation both in the first and second call.

Continuous assessment:

The student must take two individual written exams. The first one will take place in April and the second one in May in the last week of classes. Both tests will include theoretical-practical questions and practical cases. The theoretical-practical questions may be open questions or test-type. The practical cases will align with the practical exercises proposed in class during the course. The content included in each of these exams will be appropriately notified in class and on the digital teaching platform (ADD). Contents do not accumulate.

The final mark will be calculated using the following weights for each component of the assessment:

First written exam: 50%

Second written exam: 50%

In order to pass the course via continuous assessment, it will be necessary to obtain an overall mark of at least 5 out of 10. A minimum score in each of the written exams is not required.

Global assessment:

The student who does not choose the continuous assessment system, does not pass the subject in the continuous assessment system, or wants to improve his/her mark, will be entitled to sit the global exam, the best of the two marks prevailing in all cases. In this system, the student has to sit a final written exam, which will account for 100 % of his/her mark. The exam will consist of a theoretical-practical part and another of practical cases. The theoretical-practical questions may be open questions or test-type. The practical cases will be in line with the practical exercises proposed in class during the course. To pass the exam, obtaining an overall mark of at least 5 out of 10 will be necessary.

In the second sitting, the assessment will be carried out through a global exam with the same standards established for the global exam of the first sitting.

The grade for the first call will be the maximum obtained, considering the continuous evaluation system and the global test.

The grade for the second call will be the one obtained in the global test.

Valuation criteria:

For all exams, the total score from theoretical-practical questions will not exceed 4 points out of 10. The rest of the score will be distributed among different exercises.

The total number of issues/questions and exercises in each written exam will be at least 6, and the time limit is 90 minutes.

The student must demonstrate an appropriate application of the theoretical and practical knowledge acquired in the subject, as well as an appropriate defense and presentation of the results.

6. Sustainable Development Goals

4 - Quality Education

8 - Decent Work and Economic Growth

9 - Industry, Innovation and Infrastructure