

**FNCE4305/ECON3422: Global Financial Management / International Finance**

**Instructor(s):** Dr Oussama Baher  
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**Class times:** Thursday 9:30 to 12:30

**Classroom:** See Calendar  
**Field Study:** Professional Seminar  
**Office hours:** Thursday 13:30 to 15:00

## Course description and aims

The course offers an introduction to International Finance Theory. It aims to introduce students to the main concepts of the discipline and to provide them with the main tools for a critical understanding of the subject. Part of the course will be dedicated to the analysis of international-macroeconomic dynamics through the implementation of monetary and fiscal policy under different exchange rate regimes. This includes a review of the balance of payments (BP) mechanisms and the relationship between the BP and the national income accounts. Lectures and coursework will also focus on the determination of the different exchange rate regimes. The module will also introduce students to more in-depth analysis of the international financial markets, this includes long-run exchange behaviour such as cross-currency debt and exchange risk, models of foreign exchange exposure, hedging with relevant financial derivatives, international financing, international taxation, international investments and budgeting.

At the end of the course the students should be able to demonstrate that:

- they are familiar with the mechanisms of the balance of payments, the way in which transactions are recorded and how BPs are constructed;
- they are able to analyse the impact of monetary and fiscal policies under different exchange rate regimes;
- they are confident accounting for the most recent cutting-edge research issues on international finance and credit market imperfections.
- They are able to analyse the various risks related to the international markets, and analyse the best ways to manage such risks.
- They can use analytical techniques as specific decision criteria for management decisions of multinational companies.

## Teaching arrangement

There will be one weekly teaching session of three hours each with the convenor (a total of 14 weeks). Each session will consist of a mixture of lectures and seminars. Usually the lectures consist of explanations of theory, presentation of some empirical evidence. In the seminars students are invited to work through some case studies, questions and problems raised during the lectures. To this regards the students are strongly recommended to attempt to solve the problems distributed by the convenor on a weekly basis. Lectures and seminars are mandatory and students' attendance will be recorded and will represent part of the assessment process (see assessment below). The topics will be presented under different perspectives: analytical, empirical and critical. Basic calculus, formal frameworks and empirical examples will be used during the lectures as well as interactive discussions among students and between students and lecturer.

Moreover, each week, the convenor will indicate the necessary reading-material for the lecture of the following week. The students are strongly recommended to read this material in advance.

Starting from session 3, students will be asked to work in groups of 3 to present some international finance case studies at the beginning of the session. This represents an opportunity for the students to develop and ameliorate their presentation and analytical skills in relations to International Finance and Business topics.

## Material

*Lecture notes, slides, Case studies E-textbooks and video recordings to be provided by the convenor*

**I) Lecture notes and slides**

**II) Case studies**

**III) Main Textbooks**

- Pilbeam, Keith (2013) *International Finance*, Palgrave Macmillan
- Eun, C.S. and Resnick, B.G., *International Finance*, 7th Global Edition, McGraw Hill, 2014

**IV) Additional indicative reading**

- Hallwood, Paul C. and Macdonald Ronald (1996) *International Money and Finance* Blackwell, Oxford.
- Hillier, B (1997): *The Economics of Asymmetric Information*. Bloomsbury Publishing
- Melvin, Michael (2000) *International Money and Finance* Addison-Wesley. This book is easy to read. It focuses also on some financial instruments (basic level). The approach is less mathematical and with more examples and intuitions.
- Melvin, Michael and Norrbin, Stefan (2013) *International Money and Finance*, Academic Press. This textbook is similar to Hallwood et al (1996) but with more recent empirical analysis (a bit less mathematical than Hallwood).
- Krugman and Obstfeld (2017) *International Finance: Theory and Policy*, Pearson/Addison-Wesley. This textbook is very helpful for some essential reading. Basic algebra and more diagrams. Very useful for students to understand some basic concepts and mechanisms of Macroeconomics, Monetary Economics and International Macroeconomics

The students are not required to purchase any of the books in the reading list. These books are available in the library of UConn (London). The course will consider a selection of chapters and an integration with additional material provided during the course. Further details will be given during the lectures

## **Table of weekly contents**

The main topics covered by the course will include the following (on a weekly basis):

**Session 1: Introduction to International Finance, case study workshop** (Ch 1 and 2 of Eun and Resnick).

**Session 2: The Different Exchange Rate Regimes** (Ch 10 of Pilbeam: International Finance, Lecture notes from Ch 2 of Eun and Resnick).

**Session 3: Understanding the Balance of Payments** (Ch 3 of Eun and Resnick).

**Session 4: Theory and Applications of the Balance of Payments** (Ch 2 of Pilbeam: International Finance, and Ch 3 Eun and Resnick).

**Session 5: The Foreign Exchange Markets** (Ch 5 of Eun and Resnick)

**Session 6: Mid-term Test , case study workshop**

**Session 7: Foreign Exchange risk management** (Ch 8-10 Eun and Resnick)

**Session 8: Raising Finance Globally** (Ch 11-13 Eun and Resnick).

**Session 9: AI applications in Global Investments**

**Session 10: The international capital structure of multinational companies** (Ch 17 of Eun and Resnick)

**Session 11: Exchange rate determination** (Ch 6&7 of Pilbeam, Ch 6 Eun and Resnick).

**Session 12: The Global Financial Crisis and the International Financial Crisis of Debt**

**Session 13: Practice session**

**Session 14: Final Exam**

## Assessment modes

- Participation and engagement: 20%
- Presentations: 20%
- Mid-term test: 30%
- Final exam: 30%

## Group Presentation:

- Students will be added in groups of 3 or 4, every session 1 group will present a case study in the area of International Finance, the topic should be agreed with the instructor beforehand to avoid overlaps.
- You will be considered as research and business advisors working for an investment bank. The presentations represent an opportunity for each “advisor” (student) to update the knowledge of their colleagues (students) on a particular up to date topic (i.e. AI applications in Economics and Finance, Finance Report of the ECB on the Trade and Balance of Payment of EU countries and so on...). With the use of slides, each student (advisor) will have the opportunity to present a finance and business report issued by different sources and institutions (ECB, Bank of England, etc). This is not part of your assessment weight but is essential to your development and understanding.
- NB: All presentation work produced by the cohort, along with all lecture slides and notes, will be stored in the online class database. This will NOT be deleted at the end of the programme and will represent a record of all work undertaken, and a resource for future access and application.
- Presentations are marked based on the following criteria:
  - Quality of Content (30%)
  - Clarity in communication (20%)
  - Presentation style (20%)
  - Engagement with the audience (10%)
  - Time management (10%)
  - Referencing (10%)

## Midterm-Test:

This is a 1h test and will cover the first 5 sessions. The format, structure and marking scheme will be shared with students during the teaching term.

## Final Exam

This is a 2h exam and will cover sessions 6 to 12. The exam will include a mixture of numerical and qualitative questions, to assess students knowledge base as well as analysis skills in the

area of International Finance. The exact format, structure and marking scheme will be shared with students during the teaching term.

**Excused absence from any assessment can only be sanctioned by the Director of UConn in London, and there are very specific conditions under which a late submission can be granted:**

- **Serious illness or injury:** it is only possible to sanction a late submission when a student has been certificated by a doctor for a period of time (normally in excess of a week). On receipt of such certification the Director of UConn in London will discuss with the student what should be done, and can sanction a maximum late submission period. It is a requirement that the Director of UConn in London inspects the doctor's letter of certification/certificate. In all other cases where illness has been minor and has not required seeing a doctor to be signed off sick, a late submission cannot be sanctioned.
- **Serious personal/family trauma:** this would be a significant event that would require the student to be away from the UConn in London programme for a substantial period of time. As before, late submission of coursework can only be sanctioned upon receipt of documentary evidence to explain or support this serious event, with an indication of the time-period within which the student is likely to be significantly impaired by the event.
- **Ongoing conditions or trauma:** in such instances students are strongly advised to talk in confidence to the Director of UConn in London who would decide if it would be appropriate to organise a schedule of late submissions.

### **UConn Grading Guidelines**

These are set out below and are strictly adhered to by UConn in London faculty.

### **Student Academic Misconduct**

Academic misconduct is dishonest or unethical academic behavior that includes, but is not limited to, misrepresenting mastery in an academic area (e.g., cheating), intentionally or knowingly failing to properly credit information, research, or ideas to their rightful originators, or representing such information, research, or ideas as your own (e.g., plagiarism).

Students' responsibilities with respect to academic integrity are described in *Responsibilities of Community Life: The Student Code (The Student Code)*.

Students are required to submit all assessed coursework with a form CW2 (available in the UConn London office) on which they will sign an acknowledgment that they have read and understood the above statement.

### **CAUTION: Laptop Use in the Classroom**

During class time, students are free to write their lecture notes on their laptops. However, any student found to be accessing the internet - including Facebook, Twitter, emails, You Tube,

and any other forms of electronic communication as well as photographs – will receive a five per cent (5%) penalty from their Participation grade.



## UNIVERSITY OF CONNECTICUT IN LONDON Grading Guidelines

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### University of Connecticut Grading Scheme

You may wish to assign number grades and/or letter grades to individual assignments. Either or both are fine. Please provide an overall letter grade for each student at the end of the course, along with a full numerical breakdown of the marks assigned. The grade boundaries used at UConn in London are as follows:

A+ 97-100  
 A 93-96  
 A- 90-92  
 B+ 87-89  
 B 83-86  
 B- 80-82  
 C+ 77-79  
 C 73-76  
 C- 70-72  
 D+ 67-69  
 D 63-66  
 D- 60-62  
 F Below 60

### University of Connecticut guidelines on levels of attainment

**A grade of "A" in a course** indicates exceptional mastery of the course's objectives in both knowledge and skills. While a grade of "A" may not symbolize perfection, it does indicate that the student has demonstrated consistently high standards of commitment, clarity, and application. Typically, the "A" grade further signifies a student's creativity, insight, and breadth of comprehension. The A grade denotes exceptional performance, and should be reserved for those whose work is in fact exceptional.

**A grade of "B" in a course** indicates solid mastery of the course's objectives in both knowledge and skills. Further, the "B" grade indicates a student's facility with analyzing course material and his clarity in expressing that facility although he may not demonstrate the depth and breadth of comprehension that merits the "A" grade, regardless of the amount of time spent on a specific assignment. The B suggests a strong understanding of the course material and the ability to do the work of the course, including writing, to a high standard.

**A grade of "C" in a course** indicates competent mastery of the course's objectives in both knowledge and skills. A student who earns a "C" should feel reasonably confident about his ability to move on to the next course in a sequence within a discipline or about his facility with the course's objectives. For some students, a grade of "C" may represent significant intellectual growth; for others, only modest growth. In any case, the C suggests an acceptable level of understanding and analysis of the course material.

**A grade of "D" in a course** indicates less-than-competent mastery of the course's objectives in knowledge and skills. Usually the student has made some effort to engage the work of the course but has made little progress and demonstrated little real understanding of the skills and information the course seeks to elucidate. It should be remembered that students who receive a grade of D do receive credit for the course and may move on to other courses in the discipline. If performance does not warrant this, the student should receive a grade of F.

**A grade of "F" in a course** indicates insufficient mastery of the course's objectives in knowledge and skills. The grade of "F" is not meant to discourage students about their academic work, but rather to afford them an accurate appraisal of their performance. Students would not be well served to receive a "passing" grade only to discover later that they lack the information and/or skills necessary to proceed to the next level of a discipline. The F suggests that a student would need to repeat the class in order to be prepared to move on.

**Because the grades described above still include a range of performance levels and because grades need to be seen, in part, as gauges to future achievement, teachers use the plus (+) and minus (-) to further refine their grades, indicating how close a student's performance comes to the adjacent levels.**

In cases of partial work, credit must be lost for work not completed. A few assignments, even if completed to a very high standard, do not suggest full mastery of the course material as they do not cover all of the course material. The student's work, not his/her perceived potential or inherent ability, must be the basis for the grade.

### **Essay marking: general guidelines for students**

Essays will be marked with respect to the complexity of the ideas pursued, the detail and sophistication of the engagement with the sources used and the skill with which the essay is actually written.

**A-range papers** will offer a sophisticated argument that goes well beyond standard generalizations. This argument will not only be supported by the sources but will actually illuminate key ideas, debates, and a full range of relevant detail. These papers will begin with a clearly, even eloquently presented thesis and proceed, in elegant and grammatically sound prose, to develop this argument. Transitions will be carefully marked through strong topic sentences for each paragraph and the conclusion will be engaging, not simply a repetition of the thesis, but a demonstration and measured assessment of its implications. Sometimes a paper will make it into the lower end of the A-range if there are some rough edges but the argument is unusually sophisticated or adventuresome.

**B-range papers** will offer an interesting and clear thesis in clear, grammatical prose. They will demonstrate argumentative control, developing the thesis with well-chosen evidence from the sources. Papers which are extremely well-written and clearly argued but which

offer tame or predictable arguments will fall in this range, as will papers which are more intellectually adventurous but lose argumentative control.

**C-range papers** will offer a weak or uncertain thesis. They may be very general, showing little direct engagement with the ideas and information presented by its sources. Or they may be of the “laundry list” kind, asserting several points and demonstrating that these are true without ever establishing any substantial connection between them. Papers with a reasonable thesis, but which completely lose argumentative control, will be in this range.

**D-range papers** will be vague and scattered, without a distinct argument or thesis. The prose will be convoluted and characterised by spelling and grammatical errors, which significantly obscure meaning. These papers will not demonstrate a clear understanding of the requirements of the assignment.

### **Class participation: general guidelines for assessment**

<b>Grade</b>	<b>Discussion</b>	<b>Reading</b>
A+	<b>Excellent:</b> consistent contributor; offers original analysis and comments; always has ideas on topics of the readings; takes care not to dominate discussion.	Obviously has completed all readings; intelligently uses resultant understanding to formulate comments and questions for the discussion.
A to A-	<b>Very Good:</b> frequent, willing, and able contributor; generally offers thoughtful comments based on the readings.	Has done most of the readings; provides competent analysis of the readings.
B range	<b>Good:</b> frequent contributor; has basic grasp of key concepts but little original insight; comments/questions are of a general nature.	Displays familiarity with some readings, but tends not to analyze them.
C range	<b>Rather Poor:</b> sporadic contributor; comments/questions betray lack of understanding of key concepts; often digresses in unhelpful ways.	Displays familiarity with few readings; rarely demonstrates analytical thought.
D/F	<b>Poor:</b> rarely speaks; merely quotes text or repeats own comments or those of others.	Little to no apparent familiarity with assigned material.