International Finance  
Boise State University  
Department of Marketing and Finance

Instructor: Scott Roark  
Office: MBEB 2113  
Office Hours: Wed 4-6PM or by appointment  
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Prerequisites: FINAN 303

Textbooks and Reading Material:  
Suggested for Reference: Wall Street Journal, Barron’s or other business periodical

Course Description:  
Examination of international finance markets, including exchange rate determination and parity conditions across countries. We will also examine multinational firms in this context and include risk management, working capital management, capital budgeting and cost of capital applications.

Course Objectives:  
Upon completion of the course, the student should have a working knowledge of essential global financial concepts and models and should be able to demonstrate that knowledge by making decisions that benefit the international firm.

Expected Student Outcomes:  
By completing this course, students will be able to:  
- Understand the role and function of a multinational corporation  
- Describe the risks associated with multinational operation  
- Understand the role of exchange rates in global trade  
- Describe the determinants of exchange rates  
- Explain the tools for managing exchange rate risk and demonstrate their appropriate use  
- Apply tools of financial management in a global context  
- Understand the international capital markets and explain the distinctive characteristics of global money markets, bond markets and equity markets

Excel / Financial Calculator  
For quizzes and exams you will be required to use Excel, so you are expected to be comfortable using Excel to solve financial problems. We will practice using excel in class and you should also make sure you are comfortable using excel by practicing on your own. A financial calculator may also be useful, but is not required for the class.

Class Policies:  
Please be considerate of your instructor and fellow classmates and mute all cell phones, pagers and computer speakers. If you must take an emergency call, you may leave the classroom. Please do not text in class or play on the computers – it is a distraction to the instructor and distracts you from the material covered in class. Violations of these policies will have a negative effect on your class participation grade.

If you have any special needs or require special accommodations, please let me know as soon as possible so suitable arrangements can be made.

Academic Honesty and Integrity:  
For all assignments, you must properly cite sources of information as well as the ideas and words of others. Misrepresenting someone else’s work as one’s own is a serious offense in any academic setting and it will not be condoned. This includes work on cases, any written posts or any problems assigned. Cheating of any sort will not be tolerated and will result in failure of the exam or assignment, and potential failure of the course. DO NOT CHEAT.

A student who knowingly assists another student in committing an act of academic misconduct shall be equally accountable for the violation, and shall be subject to the sanctions and other remedies.
Grade Determination:

<table>
<thead>
<tr>
<th>Item</th>
<th>Points</th>
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<tbody>
<tr>
<td>Class Participation</td>
<td>50 pts</td>
</tr>
<tr>
<td>Cases</td>
<td>175</td>
</tr>
<tr>
<td>Quizzes/Assignments</td>
<td>175</td>
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<tr>
<td>Midterm Exams</td>
<td>600 (300 points each)</td>
</tr>
<tr>
<td>Final Exam (optional)</td>
<td>300 (may replace one midterm)</td>
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<tr>
<td>Total Points</td>
<td>1,000</td>
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We will use the +/- grading system for the class. A:(93-100); A-:(90-93); B+:(87-90); B:(83-87), etc.

Class Participation:
Class participation is an important component of this class and is critical to your deeper understanding of the material. I desire you to be an active participant – asking questions where concepts are unclear, answering questions that I ask and being involved in the discussions we have in class. The necessary requirements for earning class participation points are:

1. Demonstrating preparation – you are able to relate discussions to book chapters, articles and other readings and previous discussions
2. Contributing in an active and significant way – help answer questions and solve problems, respond thoughtfully to other students’ comments, and generally assist and improve the learning environment

Part of class participation will be working on problems as a group during class. It is particularly important that you are in class on those days. However, please note that attendance IS NOT the same thing as participation.

Cases:
There will be several international finance related cases to work on during the course. You will need to set up an account with Harvard Business Publishing and purchase the designated Coursepack I have set up. The cases are intended to be an application and extension of your learning in class and provide some hands-on experience with analysis and problem solving. There will be individual assignments and group work for the cases (teams may consist of up to 3 people). Each person in the group should be an active participant in analyzing the case and completing the work required for submission. Part of your grade for the cases will be an evaluation of group members. The link to the Coursepack will be posted in an announcement well before the first case.

Groups must consist of one Finance major and two “Other” majors.

Quizzes/Assignments:
There will be various quizzes and assignments through the semester. The quizzes will cover material including assigned readings and lectures – you will need to be prepared for class throughout the semester. The quizzes may be both online and in class and will generally occur weekly, with at least four quizzes being held prior to each of the midterm exams. In addition, there will be a few assignments (written and problem-solving) to be turned in by email. I will conditionally drop 2-3 quizzes/assignments (depending on how many we eventually take). All you need to do is complete the online course evaluation at the end of the semester to have the lowest grades dropped. The quizzes/assignments should represent your individual work, not a collective effort, unless I direct otherwise. Please refer to the Academic Honesty and Integrity section above.

Exams:
The two exams and the final exam are intended to test your knowledge of the subject matter covered up to that point in the course – from the textbook/ readings, any online videos and classroom discussions. The final exam will be cumulative and you will be expected to be able to use concepts covered throughout the course. The exams may consist of multiple choice, short answer, problem solving and essay questions. You will know what material will be covered on the exams; there should be no mysteries. The exams will be in two parts – one part will be primarily problem solving using excel and will be held in class. The second part will primarily cover concepts and will be in the Online Testing Center in the Education Bldg (4th Floor). Generally, the exam will be open at least 48 hours, so you can schedule your exam at a time that works best for you. I will drop your lowest exam grade for the semester. If you want, you may elect to drop the final exam.

If there are any questions on your test, you need to see me within two days of the time I return the test to you.

I will deny requests for a makeup exam unless the circumstances are extraordinary and any makeups will be given only for acceptably documented medical reasons.
**Class Meetings:**
This course uses a non-traditional approach to teaching and learning international finance. Class meetings will consist primarily of students actively engaged in processing, applying and understanding course content. Much of the lecture material will be presented in online videos. This will allow class meetings to be more interactive and devoted to application, problem solving, discussion and answering questions.

It is my objective that online delivery of much of the lecture material will make the learning more effective, active and efficient. There are several advantages to learning in this format. The following are some suggestions for realizing that potential:

- Students have varied backgrounds and abilities. Some students struggle to keep up with a lecture and are reluctant to ask the instructor to slow down, while others can accommodate a faster pace. Online delivery provides tremendous flexibility in this regard.
  - Students needing a slower pace can pause the presentation to collect their thoughts, complete calculations, study the illustrations and media, etc. They can replay the content at their leisure.
  - Conversely, I find that I deliver the content online in less than half the time of a classroom presentation, allowing students desiring a faster pace to reduce their time commitment and maintain their focus, addressing the problem of what appears to be steadily shrinking attention spans.

- Our class time can be much more interactive and tuned to meet student needs. Instead of a lecture where students receive material passively, the meetings will be devoted to revisiting portions of the online presentation as requested by students, as well as application and further illustration of the concepts covered online.

- The learning will be “active” as students will be working together on practice problems, completing assignments, discussing assigned questions, and getting answers to their questions. In addition to making the learning more active, this format allows students to reflect on the material before we develop it more fully in class. The duration of class periods will be flexible, depending on student needs. I urge you to help me make our time together interactive and useful to you.

**Comments from students who have taken a course like this one:**

- Don’t be afraid to ask questions and discuss answers in your group. That is the way learning is done in this class.
- Give yourself some time to settle into group learning. Lots of us did not think we would like it or that it would work. It does.
- I really didn’t want to do group work at first because I have been successful taking notes and studying by myself. But it works. Do not hesitate to talk and meet other students in and out of class. They understand things you don’t, and vice versa.
- I wish I had asked more questions and been more engaged in group discussions from the start.
- This format is much more fun and less intimidating than a lecture.
- You actually learn in class. In my lecture classes it was always about going home and trying to figure it out later.
- This method helped me learn more and remember more than I thought possible.
- It seems strange at first, but get to know your classmates. The faster you meet people and become comfortable the better the class will be.
- At the start, I didn’t think I would like it. I usually like to work and study individually. But I really liked the group work.
- If you think you are right, speak up to your group. You might be, but in any case your whole group will learn from it.
- I liked the idea of group work, but was afraid it would not prepare me for the final exam. My advice to future students: Don’t worry. Fall into the format and it will carry you through.
- Don’t let yourself take the course lightly just because class is fun and relaxed. Do the homework and reading.
Tentative Course Outline:

I. Introduction – Course Overview

II. Global Business Environment
   a. Chapter 1 – Globalization and MNCs (pgs. 4-10, 18-21)
   b. Chapter 4 – Corporate Governance Around the World
   c. Reading – Article

III. Foreign Exchange
   a. Chapter 5 – Foreign Exchange Market
   b. Chapter 6 – Parity Relationships and ForEx Rates

IV. Managing Risk
   a. Chapter 7 – Futures and Options
   b. Chapter 14 – Interest Rate and Currency Swaps

EXAM 1 TBA (Probably 2/24 - 3/2)

V. Foreign Exchange Exposure & Management
   a. Chapter 8 – Transaction Exposure
   b. Chapter 9 – Economic Exposure
   c. Chapter 10 – Translation Exposure

VI. International Capital Markets
   a. Chapter 11 – Banking and Money Market
   b. Chapter 12 – Bond Market
   c. Chapter 13 – Equity Market
   d. Chapter 17 – Capital Structure and Cost of Capital

EXAM 2 – TBA (Either 4/25 or 4/27)

FINAL EXAM (optional) – See Finals Schedule (Currently scheduled for Monday 5/2 3-5pm)