

**DEREE COLLEGE SYLLABUS FOR: FN 3219 INTERNATIONAL FINANCE**

STUDENTS CANNOT TAKE BOTH FN 3219 INTERNATIONAL FINANCE / EC 4365 INTERNATIONAL MONETARY ECONOMICS

(Previously EC/FN 3219 INTERNATIONAL FINANCE)

(Updated Fall 2025)

**UK LEVEL: 5**  
**UK CREDITS: 15**  
**US CREDITS: 3/0/3**

**PREREQUISITES:**

EC 1000 Principles of Microeconomics  
EC 1101 Principles of Macroeconomics

**CATALOG DESCRIPTION:**

Theoretical framework, quantitative tools and practical issues that are critical in international financial management. Global financial environment and monetary system, exchange rate determination, parity conditions, foreign exchange risk, foreign exchange risk management.

**RATIONALE:**

The ability to make financial decisions in multinational firms requires knowledge and understanding of the global financial environment. This course provides an overview of the international financial environment and offers basic knowledge in the areas of foreign exchange risk management, foreign currency options and futures, parity conditions, international financial markets and balance of payments, to prepare students to take financial decisions in international settings.

**LEARNING OUTCOMES:**

As a result of taking this course, the student should be able to:

1. Discuss the effects of economic policies on the balance of payments and on foreign exchange rate movements
2. Demonstrate a conceptual and practical understanding of the operation of the international financial markets and international parity conditions
3. Demonstrate knowledge of currency derivative contracts and the use of such contracts for hedging foreign currency risk
4. Identify different types of currency risk exposure faced by any multinational and discuss methods of managing such risk.

**METHOD OF TEACHING AND LEARNING:**

In congruence with the teaching and learning strategy of the college, the following tools are used:

- In-class discussion of numerical and conceptual exercises as well as real life examples that help the lecturer to illustrate the fundamental concepts of the course. Students are expected to be prepared to present their views and answers to their peers.
- In-class discussion of current economic and financial developments that aim to enhance students' analytical and critical capabilities as well as their understanding of the global financial markets.
- In-class discussion of journal articles to expand exposure on course content beyond the textbook, and to trigger discussions on global financial issues. Students are expected to be prepared and they are encouraged to present their views on these issues.
- Office Hours: Students are encouraged to make full use of the office hours of their instructor, where they can ask questions and go over lecture material.
- Use of Blackboard, where instructors post lecture notes, assignment instructions, timely announcements, as well as additional resources.

<b>ASSESSMENT:</b>	<p><b>Summative:</b></p> <table border="1" data-bbox="542 87 1339 259"> <tr> <td>1<sup>st</sup> assessment: In-class written examination (One-hour, closed book, essays/problems)</td><td><b>40%</b></td></tr> <tr> <td>Final assessment: In-class written examination (Two-hour, closed book, essays/problems)</td><td><b>60%</b></td></tr> </table> <p><b>Formative:</b></p> <table border="1" data-bbox="542 327 1339 398"> <tr> <td>Practice question sets and assignments, formative midterm and final examination</td><td><b>0%</b></td></tr> </table> <p>The formative assessments prepare students for the examinations and ensure that students are actively engaged during the term.</p> <p>The 1<sup>st</sup> assessment tests Learning Outcomes 1 and 2. The final assessment tests Learning Outcomes 3 and 4.</p> <p>Students are required to resit failed assessments in this module.</p>	1 <sup>st</sup> assessment: In-class written examination (One-hour, closed book, essays/problems)	<b>40%</b>	Final assessment: In-class written examination (Two-hour, closed book, essays/problems)	<b>60%</b>	Practice question sets and assignments, formative midterm and final examination	<b>0%</b>
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Practice question sets and assignments, formative midterm and final examination	<b>0%</b>						
<b>INDICATIVE READING:</b>	<p><b>REQUIRED READING:</b></p> <p>Eiteman, D., Stonehill, A. and Moffett M. Multinational Business Finance. Pearson – Addison Wesley, latest edition.</p> <p>Other library sources, including journal articles accessible through the Library, as assigned by the instructor.</p> <p><b>RECOMMENDED READING:</b></p> <p>Bin Xu and Ying Liu. (October 2012). The Case Study: How BMW Dealt With Exchange Rate Risk. Financial Times.</p> <p>Ghosh, A. and Ramakrishnan, U. (December 2006). Do Current Account Deficits Matter? Finance and Development, IMF, Vo. 4, No. 4. Retrieved from: <a href="http://www.imf.org/external/pubs/ft/fandd/2006/12/basics.htm">http://www.imf.org/external/pubs/ft/fandd/2006/12/basics.htm</a></p> <p>Eun, C. and Resnick, B. (2014). International Financial Management. McGraw Hill, 7<sup>th</sup> ed.</p> <p>Kouretas, G. (2010) The Greek Debt Crisis: Origins and Implications, Panoeconomicus, 57 (4), pp. 391-404.</p> <p>“On the rocks: How did Asia’s supposedly watertight economies sink?” Economist, March 5, 1998.</p> <p>Salvatore, D. (2013). Introduction to International Economics. Wiley, latest edition.</p> <p>Shapiro, A. and Atulya, S. (2010). Foundations of Multinational Financial Management. Wiley, latest edition.</p> <p>Spigel, M. M. (August 2002). Argentina’s Currency Crisis: Lessons for Asia. FRBSF Economic Letter, Number 2002-25. Retrieved from: <a href="http://www.frbsf.org/publications/economics/letter/2002/el2002-25.html">http://www.frbsf.org/publications/economics/letter/2002/el2002-25.html</a></p> <p>Van der Molen, M. (2013). “The Tequila Crisis in 1994”, Economic Report, Rabobank, September 19.</p>						

<b>INDICATIVE MATERIAL:</b> <i>(e.g. audiovisual, digital material, etc.)</i>	<b>REQUIRED MATERIAL:</b> N/A  <b>RECOMMENDED MATERIAL:</b> N/A
<b>COMMUNICATION REQUIREMENTS:</b>	Use of appropriate academic conventions as applicable in oral and written communications.
<b>SOFTWARE REQUIREMENTS:</b>	Word, Excel
<b>WWW RESOURCES:</b>	<a href="http://www.economist.com">www.economist.com</a> (The Economist) <a href="http://www.ft.com">www.ft.com</a> (Financial Times) <a href="http://www.imf.org">www.imf.org</a> (International Monetary Fund) <a href="http://www.iie.com">www.iie.com</a> (Institute of International Economics)
<b>INDICATIVE CONTENT:</b>	<ol style="list-style-type: none"> <li>1. Introduction to International Financial Management</li> <li>2. International Monetary System and the Determination of Exchange Rates             <ol style="list-style-type: none"> <li>2.1. The balance of payments</li> <li>2.2. Exchange rates</li> <li>2.3. The evolution of the international monetary system</li> </ol> </li> <li>3. International Financial Markets             <ol style="list-style-type: none"> <li>3.1. Foreign exchange market</li> <li>3.2. Other international financial markets</li> </ol> </li> <li>4. Parity Conditions in International Finance and Currency Forecasting             <ol style="list-style-type: none"> <li>4.1. Arbitrage and the Law of One Price</li> <li>4.2. Purchasing Power Parity</li> <li>4.3. The Generalized Fisher Effect</li> <li>4.4. The International Fisher Effect</li> <li>4.5. Interest Rate Parity Theory</li> <li>4.6. Relationship between Forward and Future Spot Rate</li> <li>4.7. Currency Forecasting</li> </ol> </li> <li>5. Foreign Currency Derivatives             <ol style="list-style-type: none"> <li>5.1. Currency Futures</li> <li>5.2. Currency Options</li> </ol> </li> <li>6. Foreign Exchange Risk Management             <ol style="list-style-type: none"> <li>6.1. Transaction exposure</li> <li>6.2. Operating exposure</li> </ol> </li> </ol>