

RASHTREEYA SIKSHANA SAMITHI TRUST

R V INSTITUTE OF MANAGEMENT

Department of Finance



International Financial Management (21MBA342)

Course Facilitators

Dr.Jahnavi M, Associate Professor, R V Institute of Management,

Dr.Sumera A, Associate Professor, R V Institute of Management

The articles and the reading materials contained in this docket are for classroom discussions only

Work hard for earning, simultaneously ensure money works harder to earn you more - Sumera



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Course Outline

Programme:	MBA
Batch:	2022-2024
Term:	IV
Subject Name:	INTERNATIONAL FINANCIAL MANAGEMENT
Subject Code:	21MBA342
Credits:	3 (36 sessions)
Course Instructors:	Dr.Sumera Aluru (IV semester Sec B)
Course Instructors:	Dr.Jahnavi M (IV semester Sec A)

PART A

Introduction:

“As for Foreign Exchange, it is almost as romantic as young love and quite as resistant to formulae”. H.L. Mencken

While tradition dictates that we continue to refer to the syllabus matter in this course as international financial management, the modifier “international” is becoming increasingly redundant: today, with fewer and fewer barriers to international trade and financial flows, and with communications technology directly linking every major financial center, all finance is becoming “international.” Indeed, not only are domestic financial markets increasingly internationally integrated, but the problems faced by companies and individuals in different lands are remarkably similar.

Knowledge of international finance can help a financial manager decide how international events will affect a firm and what steps can be taken to exploit positive developments and insulate the firm from harmful ones. Among the events that affect the firm and that must be managed are changes in exchange rates as well as interest rates, inflation rates, and asset values. These different changes are themselves related. While we shall emphasize the managerial issues of international finance in this course, it is important to emphasize that the international flows of goods and capital that are the source of supply of and demand for currencies, and hence essential to the subject of international finance, are fundamental to our well-being.

Course Outcomes (COs):

At the successful completion of this course the students should be able to;

CO1: Understand and appreciate the fundamental theories of international finance and BOP

CO2: Examine exchange rate mechanisms

CO3: Evaluate the sources of risks in FOREX and sources of Arbitrage **CO4:** Apply effective risk management strategies using currency derivatives. **CO5:** Applying Swaps to real world problems for effective Hedging

Course content and Structure: (36hours)

Module 1: Introduction to International Finance 4 hours

- Scope, Importance of International Finance- The Importance, Rewards & Risk of International Finance Goals of MNC- International Business Methods.
- Balance of Payments (Components and structure, Importance, Economic Relevance)
- Demand and Supply aspects of Currency Market.
- Foreign Exchange Market: Function and Structure of the Forex markets, Foreign exchange market participants
- Exchange Rate Regimes / Evolution (Gold Standard, Bretton Woods, Flexible Exchange)

Module 2: Exchange Rate Management & Arbitrage 8Hours

- Forecasting FOREX rates.
- Different kinds of forex Exposures.
- Types of transactions and Settlements Dates, Exchange rate quotations, Determination of Exchange rates in Spot markets.
- Foreign Bank note market (Meaning and mechanisms)
- Interbank Spot (Mechanisms)
- Spot and Forward Rates (Using Forward Schedule, Annualized Forward Margin)
- Quotations (Two way quotes, Direct Quote, Indirect Quote, Cross Rates).
- Geographical, Triangular and Interest rate Arbitrage (Covered and Uncovered interest Parity)

Module 3: Currency F&O 8Hours

- Currency Futures & Options Strategies
(Price Action, Trend trading, Counter trend trading, Breakout trading, Range trading, Position Trading)

Module 4: Currency Hedging (SWAPS) 8Hours

- Credit Default SWAPS (CDS)
- Currency Swaps-Interest Rate Swap- problems on both two way and three way swaps. (Theory & Problems)

Module 5: Contemporary Issues

8 Hours

- Tax Heavens and Offshore Banking
- Euro Currency Markets including Depository Receipts (ADR's, GDR's and IDR's)
- Money Laundering and Anti Money Laundering / Compliance measures
- IFRS

Pedagogy:

1. Classroom Discussions
2. Currency trading simulations
3. Real world currency trading on Trading Apps
4. Creating hedging models using Excel.
5. Case Study Analysis
6. Expert Talk / Guest Lectures

Teaching Learning Resources:

Essential Readings

1. Jeff Madura, International Financial Management, South-Western College Publishing, ISBN: 9781133947837.
2. Krugman & Obsfeld. (2018). International Finance, Pearson Publication
3. Levi, M. (2020). International Finance, Taylor and Francis.
4. Daniel, K. (2018). Principles of International Finance, McGraw Hill.
5. Somanath, V. (2017). International Financial Management, I.K. Publication
6. Apte, Prakash, –International Finance - A Business Perspective, Tata McGraw Hill.
7. David B. Zenoff& Jack Zwick: International Financial Management.
8. Rita M. Rodriguez L. Bigame Carter: International Financial Management.
9. V. A. Avadhani: International Finance- Theory and Practice, Himalaya Publishing House.

References

1. Jain, Peyrard, and Yadav—International Financial ManagementII, MacMillan
2. J. Fred Weston, Bart: Guide to International Financial Management.
3. Robery O. Edmister: Financial Institutions - markets and Management.
4. A.V. Rajwade: Foreign Exchange International Finance and Risk Management,Prentice Hall.
5. Apte P.G., International Financial Management, Tata McGraw Hill,
6. Eun and Resnik, International Financial Management, Tata McGraw Hill
7. Bekaert, Greet and Hodrick, Robert J., _International Financial Management', Prentice Hall.
8. Shapiro, Alan C., _Multinational Financial Management', John Wiley.

Supplementary Resources:

- <https://jgateplus.com/home/>
- <https://capitaline.com/>
- <http://web.b.ebscohost.com/ehost/search/basic?vid=1&sid=c8b5124d-4f0a-843e-3b13e9156a4a%40pdc-v-sessmgr06>
- <https://elibrary.in.pearson.com/login>

CO-PO Mapping:

	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9	PO10	PO11
CO1	3	1	-	-	-	-	-	3	1	-	-
CO2	3	2	-	-	-	-	-	3	1	-	-
CO3	2	2	-	-	-	-	2	3	2	-	-
CO4	3	3	-	-	-	-	3	3	3	-	-
CO5	3	3	-	-	-	-	3	3	3	-	-

LEVEL 3-Substantial 2-Moderate 1-Slight - No Co- relation

Course Evaluation Plan:

Sl. No.	Evaluation Item	Unit of Evaluation	Marks Allotted	Timeline
1	End Term Exam	Individual	50	At the end of the semester
2	Mid - Term Test	Individual	20	After completion of 2-3 modules
3	Attendance and Class participation	Individual	5	At the end of the semester
4	Remaining assignments (Quiz, Individual assignment, Cap- Stone project, Major or minor project, Group assignments etc.)	Individual	25	Full Semester

COURSE FACILITATORS:

Dr.Sumera A

Dr.Jahnavi M