



FI5607 – International Financial Management

MODULE TYPE/SEMESTER: Option (20 credits), Semester 1

MODULE CO-ORDINATOR: Dr Jimmy Chen

CONTACT DETAILS: xc38@st-andrews.ac.uk

AIM:

The module is designed to give students an appreciation of some of the key issues involved in international financial management, from the derivation of exchange rate to the management of currency risk, from the structure of international financial markets to the practical considerations of investing overseas. The module provides students with insights into risk measurement in decision-making and the tools available to manage such risk exposure. Students will also understand how cross-border investment decisions are made, the likely costs and benefits arising from such decisions and their relevance to investors and managers alike.

METHOD OF TEACHING AND LEARNING:

Teaching Format

One two-hour lecture plus one-hour tutorial each week

INDICATIVE TOPIC OUTLINE:

Week 1: Foreign Exchange Market

Week 2: Balance of Payments and International Monetary System

Week 3: Exchange Rate Determination

Week 4: Exchange Rate Regimes and Currency Crises

Week 5: Currency Risk Management I

Week 6: No Classes (Independent Learning Week)

Week 7: Currency Risk Management II

Week 8: International Portfolio Investments

Week 9: Portfolio Diversification and Optimisation

Week 10: Foreign Direct Investment

Week 11: No Classes

Week 12: Revision Period

Weeks 13 & 14: Semester 1 Examination Diet

LEARNING OUTCOMES:

By the end of the module, students should:

- Understand the operation of foreign exchange markets
- Perform basic exchange rate conversion and arbitrage
- Understand the balance of payments
- Appreciate the importance of international monetary system
- Understand the factors and models of exchange rate determination
- Understand the international parity relationships
- Understand the causes of currency and other financial crises
- Compare and contrast major types of currency management tools
- Demonstrate the use of futures and options to hedge currency risk
- Have working knowledge of the means of international portfolio investments
- Understand the issues around exchange-traded funds
- Understand the rationale of international diversification and evaluate its effectiveness
- Perform portfolio optimisation using Excel
- Understand the implications of international financial integration on diversification
- Understand the motives and drivers of foreign direct investments
- Understand the models of investment appraisal in an international context

ASSESSMENTS:

- **Assessment 1 (30%):** Class Test (Interim)
- **Assessment 2 (30%):** Group Coursework
- **Assessment 3 (40%):** Class Test (Final)
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READING LIST:

- Eun, C. S., Resnick, B. G. and Chuluun, T. (2023) *International Financial Management* (10th edition). London: McGraw Hill Education.
- Madura, J. and Fox, R. (2020) *International Financial Management* (6th edition). Hampshire: Cengage Learning.

Organisation of courses may be subject to change without notice.