

University of Southern Maine
School of Business

FIN 330: International Financial Management
Wed. 2:00 – 4:30 p.m., Payson Smith 209
Spring 2023

Instructor: Jeffrey DiBartolomeo, Ph.D.

Email: jeffrey.dibartolomeo@maine.edu

Office location: Luther Bonney 414

Office hours: Wednesday 12:30 – 2:00 p.m., and by appointment

Office phone: (207) 780 – 4113

Prerequisites: FIN 320

Course description: The objective of the course is to study how access and exposure to different currencies and country environments, as well as international capital market dynamics, affect the financial and investment decisions of multinational firms and investors. Topics include the analysis of international financial market environments and an extension of (domestic) corporate finance to the international environment. The course will emphasize the theory of international finance and pertinent topics.

This course is intended for students with a general interest in finance, as well as students with more specific inquiries into understanding exchange rates, currency derivatives, and methods to hedge exchange rate risk. Although this course is primarily taught from the firm's perspective, many of the concepts and techniques are directly applicable to the individual investor.

The broad topics covered are:

- Overview of terminology and other requisites
- Exchange rates, arbitrage, and cross-exchange rates
- Determinants of exchange rates
- Interest rate parity, the international Fisher effect, and purchasing power parity
- Sources of exchange rate risk and methods for hedging that risk
- International stocks and American depositary receipts

Course Objectives: When this course is completed, my goal is for students to be:

- Able to define the terminology of international finance,
- Conversant in topics related to international finance,

- Able to identify the factors that influence exchange rates,
- Understand hedging techniques to mitigate exchange rate risk,
- Understand what an ADR is, why it is issued, and what determines its price, and
- Explain factors that might influence foreign stock prices.

Course materials:

Option 1: Madura, Jeff (2020). *International Financial Management, 14ed*, Cengage Learning, loose-leaf with MindTap. ISBN: 978-0-357-53077-1

Optional 2: Cengage Unlimited. This option provides you with an electronic version of the book noted above with 4-months access to MindTap. ISBN: 978-0-357-70003-7

Other materials will be available on Brightspace at appropriate times during the semester. You can access Brightspace at courses.maine.edu.

MindTap

MindTap is a supplement to the textbook. MindTap can be accessed through Brightspace.

All homework assignments will be completed through MindTap.

Due dates are listed in MindTap, but homework assignments are generally due by 11:59 p.m on the Tuesday following the pertinent lecture.

Course Policies & Procedures

1. Please do not use any form of electronic communication (e.g. Internet, email, cell phone, text messaging) during class or an assessment. Any use of an electronic communication device during a testing situation will be treated as a violation of the USM academic integrity policy. If you need to make a phone call or text during a regular class, quietly leave the class room and then unobtrusively return.
2. Turn off or silence your cellphones and make them inaccessible during class meetings, quizzes, and exams.
3. Regular and punctual attendance is expected. If you arrive late, unobtrusively join the class. If you must miss a class, it is your responsibility to ensure you still complete assignments on time.
4. No make-up work will be given for any student. No extra work will be assigned to an individual student for the purpose of raising his or her course grade.
5. This is an exception to the policy above. If you have a serious event occur (e.g. you're unexpectedly hospitalized) and miss course work, please contact me as soon as is reasonable to discuss your options. If you're going to be traveling, that is not an exception to missed coursework.

6. Any curve will solely be at my discretion and will be applied equitably to the class. Do not ask me to arbitrarily improve your grade.
7. Bring a calculator to every class, quiz, and exam. No other device (e.g. iPods, cellular phones, etc.) can be used as a calculator during quizzes or exams. Sharing calculators during exams is absolutely prohibited and will be construed as cheating.
8. Students are expected to read the assigned text materials, complete the homework, and come to the class (regularly and punctually) ready to discuss and ask questions on relevant topics.
9. Exams and quizzes will be based on a combination of assignments, class lectures, discussions, exercises, and other assigned readings and handouts. Exams and quizzes will consist of multiple-choice and/or short answer questions based on concepts and problem-solving exercises.
10. Out of fairness to your classmates, I will not discuss or explain how to use formulas or calculators during quizzes exams.
11. This class involves many mathematical examples. If you find an error in one of my examples, you will earn an additional 2 points on your next quiz or exam. This bonus credit is limited to 2 points, per student, per quiz or exam.
12. Come prepared for class. On exam days, ensure you bring your calculator and a pen or sharpened pencil.
13. I have a zero-tolerance policy for cheating or violations of academic integrity. If I suspect you or a neighbor are cheating during an exam, I will ask one of you to move to another seat to complete the assessment. It is important for you to understand that me asking you to move is not an accusation.
14. Please do not record my lecture or take a picture or video of me without my permission.
15. Exams will be administered in class. The neighboring classrooms are sometimes noisy. If you find this distracting, you may use ear plugs. You *may not* use earphones (air pods, ear buds, head phones, etc...) connected to your phone.

Formula/reference Sheets & Other Exam Policies

Each student is allowed to prepare a single-sided formula sheet on one 8 ½ in. x 11 in. piece of paper. Your sheet *may not* contain any stapled, taped, or otherwise attached sheets of paper. Also, your sheet *must* include your name. There is absolutely no sharing of formula sheets allowed. Any student(s) caught sharing or looking at another student's test or formula sheet during an exam will be in violation of the USM Academic Integrity Policy. You *must* submit your formula sheet with your exam. I will return formula sheets when we review the exam, or you may pick up your sheet during scheduled office hours or by appointment.

Portfolio report

The report instructions will be posted on Brightspace. Choose a partner to work with and submit only one project for your group as an email attachment to jeffrey.dibartolomeo@maine.edu. It should be only one Microsoft Word and one Excel file.

Contacting me

The best time to get a quick answer to a course related question is to catch me immediately before or after class. If that doesn't work for you, or if you have a question that you feel will take more time to discuss, please try to attend my regular office hours. If you are unable to make my office hours, we can arrange an appointment. Otherwise, email is generally the best way to contact me, and I tend to check my email often, even when not in the office. However, I may not check emails over the weekend or University holidays, or my response time may be slower.

Course grades and grading criteria:

Course grades are determined by performance on homework, in-class exams, and a portfolio report. My goal is that you learn the material by the end of the course, not at some predetermined pace. To this end, the final exam will be cumulative, two grading schemes will be evaluated for each student, and whichever scheme results in the highest grade will be used to compute the final course grade. The lowest homework score will also be dropped. Given the fact that this grading policy allows for a missed exam and homework, there are ***no make-up exams*** and ***late work will not be accepted***. Course grades will be based on a weighted average of points as follows:

1. The lower of the first two exams will be dropped:

Course Grade = Homework Average (25%) + Exam I *or* Exam 2 (20%) + Final Exam (35%) + Portfolio Report (20%)

2. No exam will be dropped:

Course Grade = Homework Average (25%) + Exam I (15%) + Exam II (15%) + Final Exam (25%) + Portfolio Report (20%)

Your grade in this course will be assigned according to the following scale.

Weighted Average	Grade
93.5 – 100	A
89.5 – 93.4	A-
86.5 – 89.4	B+
83.5 – 86.4	B
79.5 – 83.4	B-
76.5 – 79.4	C+
73.5 – 76.4	C
69.5 – 73.4	C-
66.5 – 69.4	D+
63.5 – 66.4	D
59.5 – 63.4	D-
Below 59.4	F

Expectations for the course: I expect a very high level of effort on your behalf. You will get out of this course what you put into it. If you put forth a high level of effort, you will leave this course with an enhanced skillset and knowledge that you just might use in your future career. I put forth my best effort to convey complex topics so that every student gets a firm grasp of the material, but I cannot make you learn it; that is up to you. Students learn through a variety of ways. For that reason, if you attend the lectures, take notes, ask questions, complete the assigned readings and homework with the pace of the course, and seek help from me when you are stuck, I trust you will find this course rewarding.

Class Announcements

I periodically will make an announcement on Blackboard to the entire class. These announcements are course related, and it is therefore a good practice to always check Blackboard prior to class.

Attendance Policy: Inclement Weather

From time to time, USM will close the University due to inclement weather. When the cancellation is for an entire day, the class content will be made up at another time or through additional, outside of class, assignments.

When the school opens late or closes early, and the time selected is during the middle of class, we will still hold the class unless you are otherwise notified by me. Two examples:

- If class starts at 1pm, but the University is closing at 1:30pm, we will still have class unless you hear from me.
- If class starts at 1pm, but the University is opening at 1:30pm, we will still have class unless you hear from me.

Academic Integrity/Plagiarism:

Everyone associated with the University of Southern Maine is expected to adhere to the principles of academic integrity central to the academic function of the University. Any breach of academic integrity represents a serious offense. Each student has a responsibility to know the standards of conduct and expectations of academic integrity that apply to academic tasks. Violations of academic integrity include any actions that attempt to promote or enhance the academic standing of any student by dishonest means. Cheating on an examination, stealing the words or ideas of another (i.e., plagiarism), making statements known to be false or misleading, falsifying the results of one's research, improperly using library materials or computer files, or altering or forging academic records are examples of violations of this policy which are contrary to the academic purposes for which the University exists. Acts that violate academic integrity disrupt the educational process and are not acceptable.

Evidence of a violation of the academic integrity policy will normally result in disciplinary action. A copy of the complete policy may be obtained from the office of Community Standards and Mediation, online at usm.maine.edu/communitystandards/academic-integrity or by calling and requesting a copy at (207) 780-5242.

University Policies and Resources

Disability Accommodations

The university is committed to providing students with disabilities equal access to all university programs and services. If you think you have a disability and would like to request accommodations, please contact the Disability Services Center. Timely notification is essential. The Disability Services Center can be reached by calling 207-780-4706 or by email dsc-usm@maine.edu. If you have already received a faculty accommodation letter from the Disability Services Center and would like to request accommodations for this course, please provide me with that information as soon as possible. Please make a private appointment so that we can review your accommodations together.

Tutoring and Writing Assistance

Tutoring at USM is for *all* students, not just those who are struggling. Tutoring provides active feedback and practice, and is available for writing, math, and many more subjects. Walk-in tutoring is available at the Glickman Library in Portland, the Gorham Library, and the LAC Writing Center. For best service, we recommend making an appointment at <https://usm.maine.edu/learningcommons/schedule-tutoring-appointment>. Questions about tutoring should be directed to Naamah Jarnot at 207-780-4554. Interested in becoming a more effective, efficient learner? Check out <https://usm.maine.edu/agile!>

Health and Counseling

Counseling is available at USM. The best way to schedule an appointment is by phone at 780-5411. More information is available at <https://usm.maine.edu/uhrs>.

Recovery Oriented Campus Center (ROCC)

A peer support community for students in recovery from substance abuse and other mental health conditions is available at USM. More information may be found online at <https://usm.maine.edu/recovery> or by contacting ROCC at 207-228-8141.

Non-discrimination and Bias Reporting

The University of Southern Maine is an EEO/AA employer, and does not discriminate on the grounds of race, color, religion, sex, sexual orientation, transgender status, gender expression, national origin, citizenship status, age, disability, genetic information or veteran's status in employment, education, and all other programs and activities. The following person has been designated to handle inquiries regarding non-discrimination policies: Amie Parker, Interim Director of Equal Opportunity, The Farmhouse, University of Maine Augusta, Augusta, ME 04333, 207.581.1226, TTY 711 (Maine Relay System). Incidents of discrimination or bias at USM should be reported to Associate Vice President for Student Affairs David Roussel at 207-780-5242.

Statement of Religious Observance for USM Students

Absence for Religious Holy Days: The University of Southern Maine respects the religious beliefs of all members of the community, affirms their rights to observe significant religious holy days, and will make reasonable accommodations, upon request, for such observances. If a student's religious observance is in conflict with the academic experience, they should inform their instructor(s) of the class or other school functions that will be affected. It is the student's responsibility to make the necessary arrangements mutually agreed upon with the instructor(s).

Title IX Statement

The University of Southern Maine is committed to making our campuses safer places for students. Because of this commitment, and our federal obligations, faculty and other employees are considered mandated reporters when it comes to experiences of interpersonal violence (sexual assault, sexual harassment, dating or domestic violence, and stalking). Disclosures of interpersonal violence must be passed along to the University's Deputy Title IX Coordinator who can help provide support and academic remedies for students who have been impacted. More information can be found online at <http://usm.maine.edu/campus-safety-project> or by contacting Sarah E. Holmes at usm.TitleIX@maine.edu or 207-780-5767.

If students want to speak with someone confidentially, the following resources are available on and off campus: University Counseling Services (207-780-4050); 24 Hour Sexual Assault Hotline (1-800-871-7741); 24 Hour Domestic Violence Hotline (1-866-834-4357).

Policy on Acceptable Conduct in Class Settings

If a student substantially disrupts a class, the professor may ask the student to align with this policy on conduct in a class setting. If the student refuses, the professor may, at their discretion, ask the student to leave. If the professor takes this step, they must attempt to communicate with the student and provide informal counsel and advice. The professor may elect to notify their dean of the situation as well. If the student disrupts the class again, the professor may, at their discretion, provide a written notification to the student, describe the offending behavior, and refer the student's case to the appropriate academic dean and notify the dean of students that an official student conduct code violation has occurred [<https://usm.maine.edu/community-standards-mediation/conduct-process>].

Course schedule: Below is a *tentative* course schedule and may change. I will announce any changes in class.

	Week of Wednesday,	<u>Topic</u>
Week 1	18-Jan	Introduction, project assigned Chapter 1: Overview of multinational financial management
Week 2	25-Jan	Chapter 2: International flow of funds Chapter 3: International financial markets
Week 3	1-Feb	Chapter 3: International financial markets (cont'd) Chapter 4: Exchange rate determination
Week 4	8-Feb	Chapter 9: Forecasting exchange rates
Week 5	15-Feb	Exam 1 (Ch. 1 – 4, 9)
Week 6	22-Feb	Chapter 5: Currency derivatives
Week 7	1-Mar	Chapter 6: Government influence on exchange rates Chapter 7: International arbitrage and interest rate parity
Week 8	8-Mar	Chapter 8: Relationships among inflation, interest rates, and exchange rates
Week 9	15-Mar	Spring break
Week 10	22-Mar	Chapter 10: Measuring exposure to exchange rate fluctuations
Week 11	29-Mar	*** Group report catchup day: no class March 29th ***
Week 12	5-Apr	Exam 2 (Ch. 5 – 8, 10)
Week 13	12-Apr	Chapter 11: Managing transaction exposure
Week 14	19-Apr	Chapter 12: Managing economic exposure and translation exposure *** Projects due April 25th by 11:59 p.m. ***
Week 15	26-Apr	Presentations
	3-May	Final exam 2:00 – 4:00 p.m. in Payson Smith 209