



International Finance

FIN4240

Fall, 2025

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Course Description

This course examines the financial policies and problems associated with firms doing business internationally. Topics include the foreign exchange environment, country risk, managing foreign exchange exposure, international working capital management, international capital budgeting, and international financial markets.

Course Objectives

1. To develop an understanding and appreciation of the critical financial issues facing managers of international firms and global investors in today's increasingly globalized world.
2. To develop a practical framework for the analysis of exchange rates and foreign exchange exposures including an understanding of forces affecting exchange rates, possible models and approaches for forecasting exchange rates, and techniques for managing various types of foreign exchange exposures.
3. To develop students' understanding of current issues and use of relevant data in the area of international finance through regular readings and discussions of articles in the financial press and through the use of appropriate on-line web sites.

Course Materials & Resources

1) Coursepack

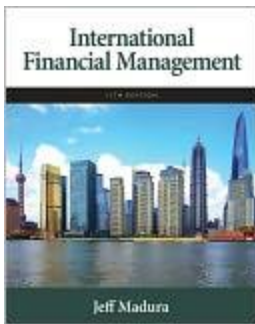
The coursepack provides all the topics we will cover during this course. We will do some numerical problem-solving practice in class, but the best approach to problems is seek out additional problems by using the text (see below) or preferably making up your own patterned upon the materials in the coursepack.

Provided by CIMBA – also posted in ICON.

2) Textbook

International Financial Management by Madura [Cengage Learning; 11th Edition, 2011 ISBN-13:9780538482967]

Provided by CIMBA



This text will serve as a reference only. There will not be specific problems or readings assigned from the text (although reading and practicing problems is strongly encouraged)

I strongly encourage reading the *European Wall Street Journal* and I particularly recommend *The Economist*. The main purpose is to find current macroeconomic examples and to improve understanding of European culture.

Be certain to find a study partner early on. Having someone quiz and question you, and in counterpoint, having to explain material to someone else is, by far, the best learning methodology.

How to study

- 1) Read the assigned slides BEFORE class and develop questions.
- 2) Ask questions, pay attention, and participate in class.
- 3) After each class (or without fail, at least once per week) meet with your study partner. Suggest the main points from the class (or week), ask your study partner to explain these points in their own words, AND explain why they believe the points to be significant.
- 4) Reach out with questions and/or ask to schedule extra discussion / study periods.

Grading

Pework assignment (individual score) – 30 points

Economics test (individual score, but collaboration allowed) – 75 points

Interim Tests – 300 points (150 each)

Final – 200 points

Currency Exchange (individual score) – 75 points

Question submission – 30 points (each submission receives 3 points, 11 submissions, chosen submission receives a 3-point bonus)

Country / currency write-ups (group score) – 70 points (20 points each, 10 points for firm name submission)

Research / AI question – 100 points

Participation – 50 points

For larger classes, which this is not, course grades will be approximately distributed according to the recommended guidelines of the Finance Department at the University of Iowa, which is 25% A's, 35% B's, 30% C's, and

10% D's. View this only as guidepost, as these guidelines are unlikely to apply to this class.

Pework assignment (30) – A short paper to help get acquainted. (See intro message sent before arrival) Why are you here (Italy)? How prepared do you feel for this class / what was useful / what was unresolved? (International Finance)?

Economics test (75) – Economics is a very important skill set for the study of international finance. We will review both Micro and Macro at the beginning of the course. This test is to actively use / think about your Microeconomics toolkit.

Tests (550) – There will be two interim tests (non-cumulative) and a final (cumulative). You may use a calculator. You may bring a one-page cheat sheet to each exam. Limit one 3x5 card, one side (3x5 is ¼ of a letter- or A4-size page). Please put your name on the back of the cheat sheet and hand it in with the exam.

Note: The class session following a test requires no specific preparation. The class will be a review of the test, followed by an open presentation (none of which will “be on the test”. I always use one session for a personal finance class. The other is up to your interest. I have done a second personal finance, Italian history, Italian cuisine, Italian politics, etc. You choose (ahead of time).

Currency exchange (75) – The purpose of this task is to make exchange rates AND the cost (bid/ask spread) of them a personalized experience. As to format, **reference the introduction slides I provided**. Start using this attitude and approach tomorrow. The assignment is due after the travel week, but it is easily done immediately. As you travel, examine the currency exchange rate. Take (and submit) photos or document conversations. What is the buy (bid) price? What is the sell (ask) price? What is the currency? Are there fees charged?

For example, observe or ask at a kiosk: “How many Euros would I get for \$100? How many Euros would I have to give you to purchase \$100?” Examine different situations – 1) an airport kiosk, 2) a train station, 3) a bank, etc. An ATM is NOT a choice, as ATM’s do not buy currency from you – you have no comparison points.

The objective of this assignment is to make you very aware of the bid/ask spread and costs of transaction in real life. It differs from place to place and, if you remain unaware, it will cost you a lot of money. Just imagine what it costs a firm trying to do business across borders.

You must collect a total of at least five data points involving at least three total currencies (Dollar, Euro, and another). The slides I presented in the introduction may give you some guidance as to how to present the information. Remember, this is all about giving you a chance to see finance in action. Be hyperaware of the fact that many places will advertise “no commission”. *Gee, thanks, **that’s not where the cost is***. Should you ever get a car loan or a mortgage, the same scenarios will play out – the true costs will not be directly presented.

This will be due after the travel week, but it is easy to start collecting data ASAP.

Question submission (30) – Each week, excluding weeks 1 and 7, submit a question in ICON by 9:00am (CET) Monday morning. This is **VERY** broad – anything that interests you that we might discuss in class. **The question should be thoughtful and meaningful**, but can cover anything – international finance, current events, life in Italy/Europe, things you have learned, things you would like to learn, science, history, etc. **A valid question must prompt a discussion or thoughtful answer**. For example, it might be something you had not understood about international finance. It might be something you learned about Italian cuisine. It might be questions about the geology of the Alps. It might be a question about current events or broader economics. The most thoughtful / interesting question each week (in my subjective opinion) gets a 3-point bonus. Only 1 “extra” bonus allowed. Any second bonus simply allows fewer submissions.

Country write-up (70) - Provide a one-page profile of each of the following: 1) the United States, 2) the EuroZone, and 3) a country / currency of your choice. AI is recommended, but be prepared to discuss the output. In the profile, provide a background of economic/demographic/resource fundamentals - discuss these in class.

AI / research question (100) - Provide your position as to whether you believe that, over the next ten years, the U.S. Dollar (1) will tend to appreciate, depreciate, or remain unchanged relative to the Euro (2) and the third currency chosen (3). **Defend your answer.** While not a requirement, I STRONGLY encourage that you question AI on this topic. The assignment is the process and the logic, not the answer. Why do YOU believe the statement you are making? Document your sourcing and methodology. **Clearly defend your opinion from either your research or AI questioning.**

Participation (50) – Consider yourself as starting with 25 points out of 50. You can add to them or lose them. Do –

Bring an article or current event to the professor's or class' attention. This means provide an assessment, not just a url.

Ask questions in class.

Don't –

Act unprofessionally – text or use social media during class.

Disparage other students.

Class Schedule

The timing on this schedule is approximate and subject to change. Every effort will be made to not move the timing of the tests.

Class Session	Topic	Which text chapter(s) contain this topic?
1	Course Introduction and Framework	
2	Micro/Macro Review	
3	Micro/Macro Review – short class	
4	Geography / Politics / Economics	
5	Trade / EU / ECB	
6	Why International Balance of Payments – modified schedule time	2
7	Foreign Exchange Markets	3
8	Test	
9	Test review / personal finance?	
10	Exchange Rate Movement / Determination	4
11	Exchange Rate Movement / Determination - modified schedule time	4
12	Fixed and Floating Currencies – The Impossible Trinity	5
13	Currency Derivatives Markets	5
14	Currency Derivatives Markets - modified schedule time	6
	TRAVEL WEEK	
15	Government Influence on Exchange Rates	7,8
16	Test	
17	Test review	
18	Understanding Arbitrage (why interest rates would align)	7,8
19	PPP / IRP	
20	Exchange Rate Forecasting	9
21	Exchange Rate Exposure	10, 11, 16
22	TBD / Review	
	Final Exam	

These dates can be fluid. Stay one topic ahead in your slide reading. Every effort will be made to NOT modify test dates. Please let me know ASAP if you perceive any difficulty / conflict with a test date.

Test Dates:

Wednesday, February 19

Thursday, March 20

Attendance Policy

Attendance at all classes and CIMBA sanctioned activities is MANDATORY. All unexcused absences will have the following consequences:

- a. 1st absence will result in a loss of a 1/3 of a letter grade in that class
- b. 2nd (cumulative) absence will result in a loss of an entire letter grade in that class
- c. 3rd (cumulative) absence will result in a dismissal from the program.

Absences due to illness require a note from the CIMBA Office Staff. If a student is sick and cannot attend class, he/she must inform the CIMBA Staff immediately. Failure to do so will result in an unexcused absence.

Grievance Policy

Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the CIMBA Director, Cristina Turchet (front office for appointments or phone +39 0423 932160 or turchet@cimba.it). The Director will review the details of the complaint and involve the Associate Dean of the Undergraduate Programs, as needed.

Academic Misconduct

The Tippie College of Business has an Honor Code, and you must abide by it in completion of all assignments. Integrity is a reflection of your character and is critical for creating meaningful and lasting relationships. One part of integrity is abstaining from acts like cheating, so cheating on any assignment in this class will result in an appropriate consequence, usually a zero for the grade in question and, if that penalty does not reduce the grade, a penalty of a full letter grade reduction. In addition, all incidents of cheating will be reported to the appropriate academic offices, and the student may be placed on disciplinary probation, be suspended, or even permanently expelled, depending on the severity of the offense. If a student has been found in violation of this policy, they will first be notified directly, then I will report to the appropriate program office. Faculty and students can report Academic Misconduct via the college website. (https://cm.maxient.com/reportingform.php?Univoflowa&layout_id=6)

Accommodating Students with Disabilities/Academic Accommodations

A student seeking academic accommodations such as a modification of seating, testing, timing, etc. should first register with their home institution's Student Disability Services, then contact Joelle Petersen (joelle-petersen@uiowa.edu) in the CIMBA Office to make further arrangements. See <http://sds.studentlife.uiowa.edu> for more information.

Fairness and Freedom of Expression:

Every student is entitled to the same intellectual freedom I have. I will respect that freedom, and I am obliged to protect your freedom to learn, regardless of your religion, race, sex, sexual orientation, gender identity, or political views, or on your agreement or disagreement with my positions pertaining to matters of controversy within the discipline. I will do my best to provide you with a fair and impartial evaluation of your work, consistent with articulated standards for this course.

Collegiate and University Policies and Guidelines:

The administrative home of this course is the Tippie College of Business, which governs academic matters relating to the course, such as the add/drop deadlines, the second-grade-only option, issues concerning [academic misconduct](#), and how credits are applied for various graduation requirements. Different colleges might have different policies.

Students at Tippie adhere to an honor code that emphasizes the importance of honesty and integrity. Student concerns about this class or your performance in it can be discussed directly with the instructor. If you do not

feel that your concern has been resolved satisfactorily, you should contact the Department Executive Officer (DEO) who oversees the department offering this course (contact information provided at the top of page one of this syllabus). More details about these and other policies are available on the [Tippie website](#).

The University of Iowa is committed to the [protection of freedom of speech and the principles of academic and artistic freedom, to accommodating students with disabilities, and to accommodating absences due to religious holidays and military obligations](#). In addition, students are expected to comply with the University's Code of Student Life. The University is also committed to non-discrimination and prohibits all forms of sexual harassment, sexual misconduct, and related retaliation. The University also provides resources for student mental health as well as for the basic needs and support of students.

Students are expected to comply with University policies regarding appropriate classroom behavior as outlined in the [Code of Student Life](#). While students have the right to express themselves and participate freely in class, it is expected that students will behave with the same level of courtesy and respect in the virtual class setting (whether asynchronous or synchronous) as they would in an in-person classroom. Failure to follow behavior expectations as outlined in the [Code of Student Life](#) may be addressed by the instructor and may also result in discipline under the [Code of Student Life](#) policies governing E.5 Disruptive Behavior or E.6 Failure to Comply with University Directive.

Sexual Harassment

Sexual harassment subverts the mission of the Program and threatens the well-being of students, faculty, and staff. All members of the CIMBA community have a responsibility to uphold this mission and to contribute to a safe environment that enhances learning. Incidents of sexual harassment should be reported immediately. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to seek assistance from the CIMBA Director, Cristina Turchet at the front office or phone +39 0423 932160 or turchet@cimba.it.

Sustainability

The University is committed to demonstrating sustainability practices within all facets of the institution. Student support is critical to our campus wide efforts to reduce waste by consuming as few natural resources as possible and purchasing recycled materials when feasible. Recycling and reuse of all materials is encouraged. Together, let's ensure a better world for us and future generations. Learn more at the Office of Sustainability and the Environment <https://sustainability.uiowa.edu>.

Mental Health

Students are encouraged to be mindful of their mental health and seek help if they are feeling overwhelmed and/or incapable of meeting course expectations. For assistance with the class, students are encouraged to talk to the faculty member. The CIMBA travel insurance will cover online counseling services. Please reach out to the CIMBA office for more details and support. After hours, we encourage you to call the emergency phone number at CIMBA if you are having a mental health emergency.