

International Finance

INSTRUCTOR

Bruce R Kline
bruce-kline@uiowa.edu, + 39-0423-932120
CIMBA Faculty Office 1

CLASS MEETING TIMES

Block A, San Pio X, Classroom 17

DROP-IN HOURS

I am regularly available with advance notice. Please make an appointment at least 24-hours in advance. I teach in A2 and A3, so will not be available during those blocks.

COURSE SITE

To access the course site, [log into Iowa Courses Online \(ICON\)](https://icon.uiowa.edu/index.shtml)
(<https://icon.uiowa.edu/index.shtml>) using your Hawk ID and password.

ACADEMIC COURSE HOME

CIMBA Italy
Faculty Head: Zach Linge
Phone: +39-0423-932120
Email: zach-linge@uiowa.edu

PROGRAM GOALS

The Tippie College of Business Undergraduate Program has learning goals that drive decisions about curriculum and assignments within courses.

Program Goal 1: Graduates will use analytical, creative and collaborative approaches to solving complex, ambiguous problems

Program Goal 2: Graduates will demonstrate effective written, spoken and visual communication

Program Goal 3: Graduates will obtain global awareness and understanding

Program Goal 4: Graduates will demonstrate ethical reasoning



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Program Goal 5: Graduates will obtain professional preparation

COURSE DESCRIPTION AND GOALS

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.

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.

MEDIA/SYSTEM REQUIREMENTS

Technical requirements for completing this class include:

- Student-provided personal computer with reliable Internet access.
 - Personal computer should have Excel installed. If using Excel in the cloud, please see me.
 - A financial calculator may be used in lieu of a laptop.
- If you need assistive technologies that have different computer and technology requirements, then you will be responsible for making those arrangements. Please check with [Student Disability Services](https://sds.studentlife.uiowa.edu): (<https://sds.studentlife.uiowa.edu>) to determine the requirements for specific technologies and for assistance if necessary.

TEXTBOOK/MATERIALS

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

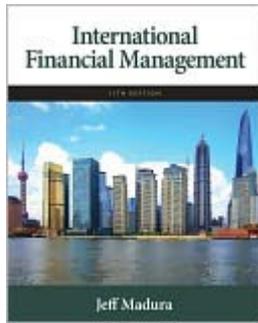
International Financial Management by Madura [Cengage Learning; 11th Edition, 2011 ISBN-13:9780538482967]

Provided by CIMBA



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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 CRITERIA

Final course grades will be assessed based on the student’s performance in the following activities:

Graded Item	Points	% of Final Grade
Pework	30	3%
Economics Test	75	7.5%
2 Interim Tests	320	32%
Final Exam	250	25%
Currency Exchange Write-up	75	7.5%
Country / Currency Write-up	170	17%
10 Questions	30	3%
Participation	50	5%
Total Points:	1000	100%

COURSE WORK

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 (570) – 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? Calculate the net cost (bid/ask spread, plus any commissions) of doing the transaction.

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 the first week and the week following Travel Week, 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. Use your social skills to ask appropriate / polite questions. Use your intellectual skills and curiosity to ask something interesting.

Country write-up (10+60) - 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 –



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

Ask appropriate questions in class. Do not wait to be asked questions.

Attendance at a study session is not considered extra participation.

Don't –

Act unprofessionally – text or use social media during class.

Disparage other students.

STUDENT SUPPORT RESOURCES

If you require additional resources for academic support, basic need fulfillment, wellness, finding community, and professional development, please contact Jayme Ringleb at jayme-ringleb@uiowa.edu.

COURSE-SPECIFIC POLICIES AND GUIDELINES

AI Policy: Use of AI tools, including ChatGPT, is permitted in this course for students who wish to use them. To be consistent with our scholarly values, students must cite any AI-generated material that informed their work and use quotation marks or other appropriate indicators of quoted material when appropriate. Students should indicate how AI tools informed their process and the final product, including how you validated any AI-generated citations, which may be invented by the AI. Assignment guidelines will provide additional guidance as to how these tools might be part of your process for each assessment this semester and how to provide transparency about their use in your work.

Communications: Students can expect to receive necessary communications from the instructor (via course “Announcements” in ICON). Students are also responsible for all official correspondence sent through their University of Iowa email address. Students can expect to receive responses to email inquiries within 24-48 hours. Privacy considerations, such as federal law, may apply when using an address other than the standard University e-mail address.

Exams: Students are expected to take the exams at the regularly scheduled times, unless permission has been granted by the instructor at least 2 weeks in advance in writing. All exams are INDIVIDUAL WORK and collaboration on exams is not permitted under any circumstance. All exams are CLOSED BOOK. Use of any materials during the exam is strictly prohibited and will be grounds for a grade of zero on the exam.

Attendance: CIMBA is an immersive academic study-abroad program, and regular attendance is essential to student learning and program integrity. Students are subject to CIMBA’s program-wide policies, which establishes attendance as a condition of program participation. Three cumulative unexcused absences from a course may result in program-level consequences, up to and including dismissal from the program, independent of course grades. This course’s attendance expectations and the impact of absences on grading are described below. Additionally, excused absences for this course align with CIMBA policy and include documented illness, approved academic or program activities, religious observances, and approved accommodations. Students should communicate with the instructor as soon as possible regarding any absence.

Course-Specific Attendance Policy: See above. Please see me regarding any excused absence and the allowed delay before work is considered late. See below.

Late Work: I regard this class as I would any job responsibility. I hold you to strict standards of timeliness and ethics. In this regard, late work is unprofessional and will be penalized.



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Assignments that are late will receive an automatic 20% grade reduction. Each following day late will result in another 20% reduction in the grade.

Inclement Weather/Class Cancellation: Although it is our intent to offer every class at its assigned time, it is possible there are weather or other emergency events that require alternative arrangements for class delivery. If that happens, please stay alert for an email from me indicating how the class will be handled. This may include: 1) cancelling the class completely – all reading and work that was due is expected to be completed and turned in on time through ICON; 2) holding an online version of the class (i.e., via Zoom)– you will receive an email invitation to join the session remotely from a computer with an internet connection – headphones are recommended; 3) using recorded videos and presenting other materials to you through ICON so we can cover the course materials asynchronously.

Class Recording Policy: While not planned, it is possible that sessions of this course will be recorded or live-streamed. Students may not, themselves, record class sessions without explicit permission from faculty. Such recordings/streaming will only be available to students registered for this class. These recordings are the intellectual property of the faculty, and they may not be shared or reproduced without the explicit, written consent of the faculty member. Further, students may not share these sessions with those not in the class or upload them to any other online environment. Doing so would be a breach of the Code of Student Conduct, and, in some cases, a violation of the Federal Education Rights and Privacy Act (FERPA).

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 first contact the CIMBA Italy faculty head (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



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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.



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COURSE CALENDAR

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 – short class	
2	Micro/Macro Review	
3	Micro/Macro Review	
4	Geography / Politics / Economics	
5	Trade / EU / ECB	
6	Why International Balance of Payments	2
7	Foreign Exchange Markets	3
8	Test	
9	Test review / personal finance?	
10	Exchange Rate Movement / Determination – Italian students?	4
11	Exchange Rate Movement / Determination	4
12	Fixed and Floating Currencies – The Impossible Trinity	5
13	Currency Derivatives Markets	5
	TRAVEL WEEK	
14	Currency Derivatives Markets	6
15	Government Influence on Exchange Rates Understanding Arbitrage (why interest rates would align)	7,8
16	Understanding Arbitrage (why interest rates would align)	7,8
17	Test	
18	Test review – short class	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. 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:

Friday, February 20

Tuesday, March 24

Final Exam - TBD



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