

University of Arkansas – Fort Smith
5210 Grand Avenue
P. O. Box 3649
Fort Smith, AR 72913–3649
479–788–7000

General Syllabus

FIN 4203 International Finance

Credit Hours: 3

Lecture Hours: 3

Laboratory Hours: 0

Prerequisite (s): FIN 3713 Business Finance and admission to the business program, or consent of instructor.

Effective Catalog: 2024-2025

I. Course Information

A. Catalog Description

A study of multinational financial management. Emphasis will be on exchange rates and currency markets, the international monetary system, interest rate parity, purchasing power parity, international money and capital markets, multinational capital budgeting, and international capital structures.

II. Student Learning Outcomes

A. Subject Matter

Upon successful completion of this course, the student will be able to:

1. Identify the management goal and organizational structure of the Multinational Corporation (MNC).
2. Explain the key components of the balance of payments.
3. Discuss how international trade and capital flows are influenced by economic and other factors.
4. Describe the background and corporate use of the following International Financial Markets.
5. Analyze factors that determine the equilibrium exchange rate.
6. Describe the characteristics and use of currency derivatives.
7. Describe the exchange rate system used by various governments.
8. Interpret how governments can use various interventions to influence exchange rates.
9. Examine and explain the conditions that will result in arbitrage and the realignments that will follow.
10. Calculate opportunities for arbitrage and interest rate parity.
11. Analyze the purchasing power parity (PPP) theory and its implications for exchange rate changes.
12. Analyze the International Fisher effect (IFE) theory and its implications for exchange rate changes.
13. Describe the common techniques used for forecasting.
14. Discuss the relevance of an MNC's exposure to exchange rate risk.

B. University Learning Outcomes

This course enhances student abilities in the following areas:

Analytical Skills

Quantitative Reasoning - Students will apply appropriate mathematical models to solve problem. Students will present mathematical information symbolically, visually, numerically and verbally and will interpret models and data with appropriate technology in order to draw inferences. Finally, they will recognize the limitations of quantitative analysis.

Global and Cultural Perspectives

Students will demonstrate an understanding of how financial transactions affect the global environment and apply these principles within a global environment. Students will demonstrate how international finance impacts or is impacted by different countries.

III. Major Course Topics

- A. Overview of Multinational Financial Management
- B. Balance of Payments
- C. International Trade and Capital Flows
- D. International Financial Markets
- E. Exchange Rate Movements
- F. Exchange Rate Derivatives Markets
- G. Institutions and Arrangements of Exchange Rates
- H. International Arbitrage
- I. Purchasing Power Parity
- J. International Fisher Effect
- K. Hedging Techniques
- L. Exposure of Exchange Rate Fluctuations