

Syllabus of Record

Program: CET Barcelona

Course Code / Title: BC/FINA 423 International Finance

Contact Hours: 45

Recommended Credits: 3

Primary Discipline / Suggested Cross Listings: Finance / International Business, Management

Language of Instruction: English

Prerequisites / Requirements: Introductory finance course

Description

This course provides students with a comprehensive understanding of financial management in an international context. Focusing on multinational enterprises, particularly in Barcelona and the broader European market, the course explores international investment strategies, exchange rate management, and financial decision-making. Special emphasis is placed on overcoming barriers to international capital flows, managing currency risks, and examining the cost of capital in both developed and emerging markets.

Objectives

Through their participation in this course, students will:

- Gain a foundational understanding of international trade and finance principles, including the role of multinational enterprises.
- Demonstrate proficiency in analyzing the balance of payments and national income accounting in an open economy.
- Examine the determinants of exchange rates and their effects on global competitiveness.
- Analyze the relationships between interest rates, inflation, and exchange rate movements.
- Compare fixed and floating exchange rate systems and evaluate short-run policy effects.
- Explore global financial markets, institutions, and their impact on international finance.
- Understand European monetary integration and the role of the Euro in Spain's economy.
- Identify emerging trends in digital finance, sustainability, and future challenges for multinational firms.
- Develop skills in financial writing, including the ability to write for diverse audiences, structure written arguments effectively, and refine written work through revision.

Requirements

In this course, students are expected to engage deeply with the subject matter and demonstrate their understanding through various assessments. Students will be assessed on their proficiency of financial concepts as well as their ability to communicate effectively through written assignments, discussions, and presentations. Active participation is crucial, and students must attend each class and all field study components. Students are required to complete assigned readings prior to class, which typically consist of approximately 30-40 pages each week, and come prepared to contribute thoughtfully to discussions.

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Graded Assignments:

- **Participation:** Students are expected to actively participate in class discussions and group activities. This includes sharing insights, asking questions, and engaging with classmates' contributions. Participation is vital for fostering a collaborative learning environment.
- **Homework:** Students will complete three short response papers and journal entries throughout the course. These assignments encourage reflection on readings and discussions, emphasizing critical thinking and personal engagement with the material.
- **Quizzes:** There will be three quizzes formatted as short essays to assess students' comprehension of the course readings. Quizzes will cover key concepts and theories discussed in class, ensuring students are keeping up with the material.
- **Presentation:** Each student will deliver a 10-minute presentation that incorporates local context to illustrate concepts from assigned readings. This presentation will be followed by a 5-minute question-and-answer session, allowing for further exploration of the topic.
- **Final Paper:** A substantial research paper (8-10 pages) will be required, focusing on a topic determined in consultation with the faculty member. The paper will require revision and refinement, reinforcing the writing process and emphasizing the importance of clarity and depth in financial analysis.

Grading

The final grade is determined as follows:

- Participation (see rubric below) 15%
- Homework (3 at 5%) 15%
- Quizzes (2 at 10%) 20%
- Presentation 10%
- Final Paper 40%
 - Topic proposal, 5%
 - Annotated bibliography, 5%
 - Draft submission, 10%
 - Final submission, 20%

Class Participation Grading Rubric

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	A – 90-100% Exemplary	B – 80-89% Proficient	C – 70-79% Developing	D – 60-69% Unacceptable	F – 0-59% Missing
Frequency of class participation	Actively contributes 2+ times per meeting	Actively contributes at least 1 time per meeting	Actively contributes at least half of the time during term	Actively contributes less than half of the time during term	Does not contribute
Quality of class participation *	Contribution is always thoughtful, accurate, and constructive, frequently interacting with peers	Contribution is mostly thoughtful, accurate, and constructive, usually interacting with peers	Contribution is somewhat thoughtful, accurate, and constructive, sometimes interacting with peers	Contribution is rarely thoughtful, accurate, and constructive, rarely interacting with peers	Does not contribute or interact with peers
Level of class preparation	Always fully prepared and on task	Mostly prepared and on task	Somewhat prepared and on task	Rarely prepared and on task	Consistently unprepared and not on task

Readings & Resources

Blake, Gary, and Robert W. Bly. *The Elements of Business Writing: A Guide to Writing Clear, Concise Letters, Memos, Reports, and More*. New York: Prentice Hall, 2008.

Cabrera, Daniel. "Barcelona, entre las diez ciudades más innovadoras de Europa." *La Vanguardia*, October 30, 2016. Accessed October 22, 2024.

<https://www.lavanguardia.com/ciencia/quien/20161030/411436326180/barcelona-top-ten-innovacion-produccion-cientifica-europa.html?facet=amp>.

CaixaBank Research. "Catalonia's Macroeconomic & Financial Outlook." Last modified March 21, 2024. Accessed October 22, 2024.

<https://www.caixabankresearch.com/en>.

Catalonia Trade & Investment. "Why Invest in Catalonia." Accessed October 22, 2024.

<https://catalonia.com/en/why-invest-in-catalonia>.

Clifford, Jacob. YouTube. Accessed October 22, 2024.

<https://www.youtube.com/user/ACDCLeadership>.

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Eun, Cheol S., and Bruce G. Resnick. *International Financial Management*. 8th ed. New York: McGraw-Hill Education, 2017.

Financial Times. YouTube. Accessed October 22, 2024.
<https://youtube.com/@financialtimes?si=xmI9LNqwNrDbjele>

Krugman, Paul R., and Maurice Obstfeld. *International Economics: Theory and Policy*. 11th ed. Pearson, 2018.

Krugman, Paul R., Maurice Obstfeld, and Marc Melitz. *International Finance: Theory and Policy*. 11th ed. Pearson, 2018.

MacRae, Paul. *Business and Professional Writing: A Basic Guide*. Toronto: McGraw-Hill Ryerson, 2001.

Marginal Revolution University. "Marginal Revolution University." Accessed October 22, 2024.
<https://mru.org/>.

Mishkin, Frederic S., and Stanley Eakins. *Global Financial Markets and Institutions*. 9th ed. Boston: Pearson, 2018.

The Economist. YouTube. Accessed October 22, 2024.
<https://www.youtube.com/user/TheEconomist>.

Content

Topic 1 – Foundations of International Trade and Finance

- Overview of international trade theory and its relevance to financial management.
- Role of multinational enterprises in global trade.
- Comparative advantage and its impact on global trade patterns.
- Local Focus: Barcelona's Rise as a Hub of Innovation: Analyzing the Foundations of International Trade and Finance

Topic 2 – Financial Writing: Purpose, Audience, and Style

- Essentials of financial writing: clarity, structure, and audience.
- Common formats: reports, executive summaries, and research papers.
- Developing effective arguments in finance.

Topic 3 – Balance of Payments and National Income Accounting

- Components of the balance of payments: current and capital accounts.
- National income accounting in an open economy.
- Relationship between the balance of payments and economic stability.

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- Local Focus: Spain's balance of payments and Catalonia's trade performance within the Eurozone.

Topic 4 – Exchange Rates and the Foreign Exchange Market

- Understanding exchange rate systems: floating, fixed, and managed exchange rates.
- The foreign exchange market and the determination of exchange rates.
- Asset approach to exchange rates.
- Local Focus: The Euro's Initial Impact on Barcelona's Key Industries and the Potential Economic Consequences of Catalonia's Independence

Topic 5 – Interest Rates, Inflation, and Exchange Rate Movements

- The relationship between interest rates, inflation, and exchange rate fluctuations.
- Purchasing power parity and the long-run behavior of exchange rates.
- Local Focus: Impact of European Central Bank policies on interest rates in Spain and Catalonia.

Topic 6 – Short-Run Exchange Rate Dynamics and Intervention

- Short-run effects of monetary and fiscal policy on exchange rates.
- Role of government intervention in stabilizing exchange rates.
- Fixed vs. floating exchange rates and their implications for policy.

Topic 7 – Global Financial Markets and Institutions

- Overview of global financial institutions (IMF, World Bank) and their roles.
- Financial globalization: risks and opportunities for multinational firms.
- Local Focus: How Catalonia attracts foreign investment in its financial and real estate markets.

Topic 8 – The Euro and European Monetary Integration

- The theory of optimum currency areas and the Euro.
- Benefits and challenges of European monetary integration.
- Impact of the Euro on Spain's economic policy and trade.

Topic 9 – Emerging Trends and Future Challenges in International Finance

- Financial innovation: digital currencies, blockchain, and fintech.
- Sustainability and ethical finance in a global context.
- Future challenges for multinational firms: navigating currency risks, regulation, and geopolitical uncertainty.
- Local Focus: Barcelona's role in Europe's fintech revolution and the challenges of attracting sustainable investment

Field study and experiential learning components may include:

- Visit to local financial institutions (e.g. La Caixa)
- Visit to local companies

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These experiences will enhance students' understanding of theoretical concepts in practical contexts, particularly in relation to the unique financial and trading landscape of Barcelona.

** Syllabus is subject to minor changes in term-specific syllabus at instructor discretion.*