



## QURTUBA UNIVERSITY

Of Science and Information Technology

D.I Khan, Peshawar Khyber Pakhtunkhwa, Pakistan.

<b>Course Name</b>	<b>International Finance</b>
<b>Course Code</b>	<b>FIN513</b>
<b>Semester</b>	<b>Sixth</b>
<b>Credit Hours</b>	<b>03</b>
<b>Total Weeks</b>	<b>16/18</b>
<b>Total Hours</b>	<b>48/54</b>
<b>Total Marks</b>	<b>100</b>
<b>Pre-requisite</b>	<b>None</b>

### Course Objectives

This course is designed to provide a rigorous understanding of the International Financial Mechanism. Topics include: International Trade, Balance of Payment, and Market for Foreign Exchange and Exchange rate determination, Floating, Managed Float and Fixed exchange rate system. The focus is also placed on the balance of Payment, analysis and the impact of exchange rate fluctuations on the balance of payment and the value of the multinational firm, to minimize the uncertainty of exchange rate fluctuations; the topic of forecasting exchange rates is also included in the course.

### Grading Criteria

<b>Distribution</b>	<b>Weight</b>
Quizzes, Assignments, and class participation	10
Mid Term	20
Final Term	70
Total	100

### Recommended Books

- International business finance ( A concise Introduction) by Thomas W.McRao Publisher WILEY

## WEEK WISE BREAKDOWN

<b>Week</b>	<b>Description</b>
<b>1</b>	<ul style="list-style-type: none"> <li>◇ What's different about International financial management?</li> <li>◇ Introduction</li> <li>◇ Distance, Currency, rates of interest, tax system, exchange control</li> </ul>
<b>2</b>	<ul style="list-style-type: none"> <li>◇ System, Political system, Customs &amp; Ethics</li> </ul>
<b>3</b>	<b>Currency Markets</b> <ul style="list-style-type: none"> <li>◇ Introduction</li> <li>◇ Spot Market</li> <li>◇ Forward Market</li> <li>◇ Forward premium or discount</li> </ul>
<b>4</b>	<b>Currency future Market</b> <ul style="list-style-type: none"> <li>◇ Currency Options Market</li> <li>◇ Swap Market</li> </ul>
<b>5</b>	<b>Theories of International Finance</b> <ul style="list-style-type: none"> <li>◇ Introduction</li> <li>◇ Purchasing Power Parity Theory</li> </ul>
<b>6</b>	<ul style="list-style-type: none"> <li>◇ International Fisher's Theory</li> <li>◇ Nominal Vs Real interest rate</li> <li>◇ Is the forward rate an unbiased predictor of future spot rate?</li> </ul>
<b>7</b>	<ul style="list-style-type: none"> <li>◇ Efficiency Market theory</li> <li>◇ Risk premium and the forward rate</li> <li>◇ Limitations of Govt. Control</li> </ul>
<b>8</b>	<b>Risk &amp; Foreign Investment</b> <ul style="list-style-type: none"> <li>◇ Introduction</li> <li>◇ Why foreign Investment (F1)</li> <li>◇ Key variables in Direct Foreign Investment</li> <li>◇ Is foreign Investment riskier than home Investment?</li> </ul>
	<b>Two Assignments + Two Test                      Mid Term Exam</b>
<b>9</b>	<ul style="list-style-type: none"> <li>◇ What Capital Cost as the Hurdle rate</li> <li>◇ Hedging the risk involved in foreign investment</li> <li>◇ Political risk</li> <li>◇ Technological &amp; Cost risk</li> <li>◇ Exchange rate risk</li> <li>◇ Country risk</li> </ul>
<b>10&amp;11</b>	<b>Raising Loans Denominated in a foreign currency</b> <ul style="list-style-type: none"> <li>◇ International borrowing &amp; International Fisher theory</li> <li>◇ Some Academic research on relative cost of borrowing in a foreign Currency</li> <li>◇ Mechanics of raising loans in a foreign currency</li> </ul>
<b>12.</b>	<b>Multi-currency Accounting</b> <ul style="list-style-type: none"> <li>◇ Translation Problem</li> <li>◇ Foreign currency and home currency</li> <li>◇ Translation Vs conversion</li> <li>◇ Models for translating accounts</li> </ul>

<b>13</b>	<ul style="list-style-type: none"> <li>◇ What is monetary asset or monetary liability</li> <li>◇ Translation process</li> <li>◇ Special problems in translation</li> <li>◇ House marks</li> </ul>
<b>14</b>	<p><b>Financing and insuring exports</b></p> <ul style="list-style-type: none"> <li>◇ Problems in exporting abroad</li> <li>◇ Steps in entering to an export contract</li> <li>◇ Risk involved in foreign sales contract</li> </ul>
<b>15 &amp;16</b>	<ul style="list-style-type: none"> <li>◇ Links between insuring and financing exports</li> <li>◇ International factoring of foreign debts</li> <li>◇ Counter trading and barter trading</li> <li>◇ The burden of foreign taxation</li> <li>◇ Differences in the tax system of the world</li> <li>◇ Direct taxation of Profit</li> <li>◇ Transfer Pricing</li> <li>◇ Double Tax Agreements</li> <li>◇ Tax Credits</li> </ul>
	<p><b>Two Assignments + Two Test+ Presentation</b> <span style="float: right;"><b>Final Term</b></span></p>

**Learning Outcomes:**

- Masters main tools and methods for analyzing how firms can settle international transactions and manage their risk positions in international business.
- Can critically discuss the challenges and develop strategies of firms going international.
- Understands the role of international capital markets and financial intermediation in the global economy.
- Is able to study complex international economic phenomena's further.