

Course Title	Multinational Corporate Finance				
Course Code	AEF455				
Course Type	Elective				
Level	Bachelor (1 st Cycle)				
Year / Semester	4 th Year / 7 th or 8 th Semester				
Teacher's Name	TBA				
ECTS	6	Lectures / week	3 Hours / 14 weeks	Laboratories / week	None
Course Purpose and Objectives	To provide an understanding of the international financial markets and of the power of exchange rates. To increase students' understanding for core financial principles (domestic and international point of view). To provide an understanding of multinational corporate finance by analyzing specific international financial transaction.				
Learning Outcomes	<p>Upon successful completion of this course students should be able to:</p> <ul style="list-style-type: none"> • Discuss the international financial environment and structure of a MNE and their unique risks. • Compare international monetary systems and point out their differences, similarities, and respective advantages and limitations. • Describe the nature of it international financial operations and the resultant risk exposures. • Explain the differences between foreign exchange spot and forward markets. • Explain the concepts of international parity relations, such as interest rate parity, purchasing power parity, and the international fisher equation. • Analyze the operations of the currency and derivatives markets and theories of exchange rate determination. 				
Prerequisites	AEF135	Co-requisites	None		
Course Content	<p>Introduction to International Financial Management: The objective of the firm; Involvement in the World Economy.</p> <p>Foreign Exchange: The Market for foreign currencies:</p>				

The role of commercial Banks; mechanics of making a foreign payment; costs associated with international payments; the forward exchange market; interest rate parity;

The International Monetary System:

The rationale for International Commerce; barter system; gold standard; fluctuating exchange rate system; fixed exchange rates; mixed exchange rates; present International Monetary System.

Factors affecting exchange rates:

The supply and demand for currencies; balance of payments and exchange rates movements; relative inflation rate approach (purchasing power parity); relative interest rates approach (International Fisher effect); political stability and exchange rates.

Management of Foreign Exchange Risk:

Estimating and Managing Economic Exposure:

Types of exchange rate risk exposure; compensation for taking risks; economic exposure of a purely domestic firm, of an importer and exporter; of the multinational corporation; purchasing power parity and economic exposure; measuring and managing economic exposure; diversification and stockholder wealth.

Estimating and Managing Transaction Exposure:

Transaction exposure; cash budgets (by currency); hedging transaction exposure; hedging with forward contracts; using the money market for hedging purposes; hedging techniques.

Translating Income statements; balance sheets, assets, liabilities; cumulative translation adjustment.

International Sources of Funds:

International Financial Markets:

Domestic Financial Markets; Foreign bonds; global financial markets (Euromarkets); the creation of Eurodeposits; The Eurobond markets.

International Dimensions of Capital Structure:

The cost of capital concept; the capital structure concept; the impact of International capital markets.

International Risks and the cost of Capital:

The risk adjustment cost of capital; financial risk and the cost of capital; exchange rate risk and the cost of capital; political risk and the cost of capital; political risk in historical perspective; forecasting political risk.

	<p>Financial strategies and organizational strategies for reducing political risk.</p> <p>International Working Capital Management:</p> <p>Managing the Multinational's Internal Funds Flow:</p> <p>Intra corporate cash flows in the absence of taxes and currency blockages; the impact of income taxes.</p> <p>Managing International Accounts Receivable:</p> <p>Domestic and international accounts receivable; letters of credit; international factoring; accounts receivable insurance.</p> <p>International Dimensions of Long-Term Asset Acquisitions:</p> <p>American investments in foreign countries; domestic investments; evaluating investments in a foreign country; capital budgeting.</p> <p>The project in this course will deal with international money markets.</p> <p>Recent developments and contemporary issues pertaining to the subject-matter of the course.</p>		
Teaching Methodology	Face to face		
Bibliography	<p>David Eiteman, Arthur Stonehill & Michael Moffett: Multinational Business Finance, Latest Edition, Addison Wesley.</p> <p>Cheol S. and Bruce G.: International Financial Management, Latest Edition, Irwin McGraw Hill.</p> <p>Madura Jeff: International Financial Management, Latest Edition, South-Western.</p> <p>Dennis O'Connor, J. Alberto Bueso, T.: International Dimensions of Financial Management, Latest edition.</p>		
Assessment	Examinations	60%	
	Class Participation and Attendance	10%	
	Assignments	30%	
		100%	
Language	English		