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**COURSE UNIT (MODULE) DESCRIPTION**

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| **Course unit (module) title** | **Code** |
| **Risk management** |  |

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| **Lecturer(s)** | **Department(s) where the course unit (module) is delivered** |
| **Coordinator: prof. dr. Arvydas Paškevičius**  **Other(s):** | Business School, Saulėtekio al. 22, Vilnius |

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| **Study cycle** | **Type of the course unit (module)** |
| Second | Compulsory |

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| **Mode of delivery** | **Period when the course unit (module) is delivered** | **Language(s) of instruction** |
| Face-to face / virtual / blended | Spring | English |

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| **Requirements for students** | |
| **Prerequisites:** **The student must have already taken the following subjects: Microeconomics, Macroeconomics, Financial Management, Business Mathematics** | **Additional requirements (if any):** |

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| **Course (module) volume in credits** | **Total student’s workload** | **Contact hours** | **Self-study hours** |
| 5 | 130 | 32 | 98 |

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| **Purpose of the course unit (module): programme competences to be developed** | | |
| Purpose of the course is develop theoretical and practical financial management skills to understand the nature and operation of the international financial system. Form practical skills, how to apply foreign exchange market’s instruments in the multinational business, how to measure foreign exchange exposure and to manage it so as to maximize the profitability, net cash flow, and market value of the firm. | | |
| **Learning outcomes of the course unit (module)** | **Teaching and learning methods** | **Assessment methods** |
| Ability to analyze the country's balance of payments and to assess the impact of changes in the domestic currency exchange rate and other macroeconomic indicators | Theoretical material is presented and explained to students during lectures. At home and during exercises (seminars), students learn theoretical material and acquire practical skills by solving problems-tasks and analyzing cases | Theoretical and practical knowledge is assessed during the exam. The ability to solve specific tasks is evaluated in practical sessions |
| Ability to forecast exchange rate changes using theoretical knowledge and public information sources |
| Knowledge of the foreign exchange markets. Ability to calculate cross-currency exchange rates based on market information |
| Ability to use the derivative instruments, including forwards, futures, options, and swaps managing foreign exchange exposure |
| Ability to measure transaction exposure and select the most favorable hedging policy. |
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| **Content: breakdown of the topics** | **Contact hours** | | | | | | | **Self-study work: time and assignments** | | |
| Lectures | Tutorials | Seminars | Exercises | Laboratory work | Internship/work placement | **Contact hours** | **Self-study hours** | **Assignments** |
| 1. Multinational Financial Management: Opportunities and Challenges | 1 |  |  |  |  |  | **1** | **4** | Review of test questions |
| 2. The International Monetary System | 1 |  |  |  |  |  | **1** | **4** | Review of test questions |
| 3. The Balance of Payments | 1 |  | 1 |  |  |  | **2** | **8** | Solving the "The Balance of Payments " tasks |
| 4. The Foreign Exchange Market | 2 |  | 3 |  |  |  | **5** | **13** | Solving the " The Foreign Exchange Market " tasks |
| 5. International Parity Conditions | 2 |  | 2 |  |  |  | **4** | **15** | Analysis of the mini-case. Solving the "International Parity Conditions" tasks |
| 6. Foreign Exchange Rate Determination and Intervention | 3 |  | 3 |  |  |  | **6** | **18** | Analysis of the mini-case. Solving the "Foreign Exchange Rate Forecasting " tasks |
| 7. Foreign Currency Derivatives | 3 |  | 3 |  |  |  | **6** | **18** | Analysis of the mini-case. Solving the "Foreign Currency Derivatives " tasks |
| 8. Transaction Exposure | 3 |  | 4 |  |  |  | **7** | **18** | Analysis of the mini-case. Solving the "Transaction Exposure" tasks |
| **Total** | **16** |  | **16** |  |  |  | **32** | **98** |  |

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| **Assessment strategy** | **Weight,%** | **Deadline** | **Assessment criteria** |
| Homework assignments | 20% | During the course | 2 point doing homework assignments. Assignments in Word format must be submitted to the teacher before the beginning of the Examination [arvydas@paskevicius.com](mailto:arvydas@paskevicius.com) The assessment of the completed assignment is multiplied by 0.2 and added to the final assessment.  The assessment of late tasks is reduced by 50% |
| Work in auditorium (seminars and lectures) | 30% | During the course | 3 point: a student was actively involved in solving the tasks and case studies during seminars and average grade is 10.  Less than 3 point: a student was involved in solving the tasks and case studies during seminars and average grade is less than 10.  0 points: a student din not solve the tasks and case studies during seminars |
| Examination | 50% | At the end of the course | Examination (closed and open questions), problem solving. Students must complete at least 50% of the assignments. If the grade is 5 or higher, it is multiplied by 0.5 and added to the overall final grade. **Failure to pass the examination will result in a negative final evaluation**.. |

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| **Author** | **Year of publication** | **Title** | **Issue of a periodical**  **or volume of a publication** | **Publishing place and house**  **or web link** |
| **Compulsary reading** | | | | |
| *1.Eiteman D. Stonehill A., and M.H. Moffett* | 2019 | *Multinational Business Finance* |  | *International Edition, 15/E, ISBN-10: 0136096689* |
| *Shapiro, A.C.* | 2015 | *Multinational Financial Management* |  | *Prentice Hall* |
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| **Optional reading** | | | | |
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