



## LANDMARK UNIVERSITY, OMU-ARAN

**COLLEGE: COLLEGE OF BUSINESS & SOCIAL SCIENCES**  
**DEPARTMENT: ACCOUNTING & FINANCE**  
**PROGRAMME: BANKING & FINANCE**  
**COURSE COMPACT for: BFN 313**

### **Course**

Course code: **BFN 313**  
Course title: INTERNATIONAL FINANCE I  
Credit unit: 3  
Course status: COMPULSORY

### **Course Duration**

*Three hours per week for 15 weeks (45hours)*

### **LECTURER DATA**

**NAME OF THE LECTURER:** Dr Falaye J.A.  
**QUALIFICATIONS OBTAINED:** B.Sc, M.Sc, PhD  
**DEPARTMENT:** Accounting & Finance  
**COLLEGE:** College of Business & Social Sciences  
**E-MAIL:** [falaye.adebayo@lmu.edu.ng](mailto:falaye.adebayo@lmu.edu.ng)  
**OFFICE LOCATION:** Room A 120 New College Building 1<sup>st</sup> Floor A wing..  
**CONSULTATION HOURS:** -----

### **LECTURER DATA**

**Name of the lecturer:** Mr Obadiaru E.D.  
**Qualifications obtained:** B.Sc, M.Sc,  
**Department:** Accounting & Finance  
**College:** College of Business & Social Sciences  
**E-mail:** [obadiaru.eseosa@lmu.edu.ng](mailto:obadiaru.eseosa@lmu.edu.ng)  
**Office Location:** Room A112 New College Building 1<sup>st</sup> Floor Wing A.  
**Consultation Hours:** Monday-Wednesday 2:00pm-3:00pm

## **INTRODUCTION TO THE COURSE**

### **COURSE DESCRIPTION:**

International Finance I is an introductory course for finance student into the study of international finance which has to do with financial flows that transcends National boundaries. This course is closely related to international trade and is often seen as its flip side.

**COURSE JUSTIFICATION:**

National economies have become increasingly becoming interdependent overtime. International trade in goods and services has facilitated international payments as various countries and uniquely endowed both with natural and intellectual resources skills and competencies. International capital flows are on the increase between individual corporations and sovereign states engendering the need for students of banking and finance to both have a historical perspective to international finance stay a breast with the constantly changing global finance market space.

**COURSE OBJECTIVES**

At the end of this course, students should be able to:

- Understand the basis for international trade and finance between economies the world.
- Understand how Foreign Exchange rates are determined.
- Know the various forms of making payment for foreign trade and various terms used.
- Understand the structure and components of a Balance of Payment Account.
- Understand what FOREX risk implies and know the relevant techniques to guide against them.
- Know what export processing zones are, and their importance.

**COURSE CONTENT:**

The basis of trade: Theory of comparative costs and comparative advantage, impediments to trade, Balance of payment: structure, interpretations and problems. The FOREX Markets & Exchange Rate Determination. Nigerian Foreign Exchange system and markets, Various forms of making payment abroad & Trade facilities; Risks – FOREX and political risks of making payment abroad; Export processing zones.

**COURSE EXPECTATION:** This course is a mix of a few theoretical issues and calculations and practical issues in the field of international finance.

**Method of Grading**

S/N	Grading	Score (%)
1	CA 1	7
2	MID SEMESTER TEST(CA2)	15
3	CA 3	8
4	Final Examination	70
	<b>Total</b>	<b>100%</b>

# LECTURE CONTENT

## COURSE OUTLINE

### Week 1&2: Introduction to International Trade

>Basis of trade: Theory of Comparative Cost and Absolute Cost

Advantage

> Terms of trade

> Impediments or Barriers to trade

- **Objectives:** Students should understand the definition and the basis of international trade, have an understanding of how to calculate terms of trade index. Should be able to list natural and government imposed barriers and argue for or against government imposed barriers.

- **Description**

First Hour: Introduction of international Trade & Finance

Second Hour: Theories of International Trade

Third hour: Terms of Trade

Fourth Hour : Impediments to International trade

Fifth Hour: Arguments for and against government imposed international trade barriers.

Sixth Hour : Recap on the topic with questions and citation of case studies.

- **STUDY QUESTION:**

- **Week One Study Question(s)**

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- What is international trade. Define International Finance.

- Differentiate between the theories of Absolute cost and Comparative cost Advantage
- **NAME THE MAJOR TYPE OF TRADE IMPEDIMENTS YOU KNOW**
- **LIST AND EXPLAIN FOUR GOVERNMENT IMPOSED BARRIERS TO TRADE**
- **WHAT ARE THE ARGUMENTS FOR AND AGAINST TRADE IMPEDIMENTS.**

- **READING LIST**

CIBN PRESS( ) International Finance I (CIBN PACK)

**Week3&4: Balance of Payment**

- >Balance of trade/Payment
- >Structure of Balance of Payment Accounting
- > Interpretation and problems of balancing

**Objectives:** At the end of these classes the student should know the components of a BOP account, and should be able to distinguish between above the line and below the line items.

**Description:**

First Hour: Definition of the BOP account

Second Hour: Structure of the BOP Account

Third Hour: Components of the BOP account

Fourth Hour: Components of the BOP Account with hypothetical examples

Fifth Hour: Further explanations with a real BOP account

Sixth Hour: . Recap on the topic with review questions.

**STUDY QUESTION:**

Describe the BOP account  
Distinguish between above the line and below the line items

**READING LIST:**

Iyoha M.A & Unugbro A.O (2010) International Trade and Finance,

CIBN PRESS( ) International Finance I (CIBN PACK)

CBN STATISTICAL BULLETIN (2014)- Samples of on BOP statements in the bulletin will be studied.

**Week5&6: FOREX Market & Exchange rate**

- >The structure of the foreign Exchange and Market

>Exchange Rate Determination

**Objectives:** Students will be expected to know the meaning of FOREX, the development of the FOREX market from the gold standard, to the dominance of the market by the dollar. A critical look will also be taken of the broad categories of exchange rate determination, including fixed, flexible and adjustable rate systems.

➤ **Description**

First Hour: International FOREX systems: The Gold Standard, Reserve Currencies & SDR's

Second Hour: Fixed, flexible and adjustable exchange rate mechanism, Crawling Peg System.

Third Hour:: Purchasing power parity system; Exchange Control Mechanism;\_Recap on the topic/question and answer time

➤ **STUDY QUESTION:**

**Week Five Study Question(s)**

Give a historical view of foreign exchange systems in Nigeria

**Week Six Study Question(s)**

Differentiate between fixed and floating exchange rate system.

➤ **READING LIST**

Iyoha M.A & Unugbro A.O (2010) International Trade and Finance,

CIBN Press() International Finance I (CIBN PACK)

CBN Statistical Buletin (2014)-

**Week 7&8** The Nigerian Foreign Exchange Systems & Market

**Objectives:** Students should know the various foreign exchange market systems that have been historically adopted in Nigeria till date, and the reasons for the change.

➤ **Description:**

➤ First Hour: Introduction, The second Tier Foreign Exchange Market System

➤ Second Hour: SAM, WAM, MRM, Highest bid rate, Average of successful bid method.FEM, AFEM, IFEM, WDAS, current changes in the foreign exchange market sy system.

➤ Third Hour: Recap on the topic/question and answer time

➤ **STUDY QUESTION:**

**WHAT SYSTEM OF EXCHANGE RATE DETERMINATION IS CURRENTLY IN USE IN NIGERIA**

➤ **READING LIST**

- CIBN PRESS( ) International Finance I (CIBN PACK)

**Week 9 MID SEMESTER TEST**

**Week10** Various Forms of Making Payment abroad

>Methods of payment abroad

>Trade Facilities

>INCOTERMS

- **Objectives:** Students should know the various methods of making payments abroad and which will be better for Importers and Exporters.

- **Description**

First Hour: Letter of Credit,

Second Hour: Credit Policy Guide Lines

Third Hour: Foreign trade and Exchange Policy Guidelines

**STUDY QUESTION:**

List and explain three methods of making payments abroad.

**READING LIST**

Ezezobor E.A (2004)

International Finance. CIBN Press Ltd Lagos.

CIBN PRESS( ) International Finance I (CIBN PACK)

**Week 11** International Trade terminologies

- **Objectives:** The aim of this topic is to get the students acquainted with terminologies used in international trade.

- **Description**

First Hour: Introduction to INCOTERMS

Second Hour:

Third Hour: Revision of INCOTERMS

**STUDY QUESTION:**

## WHAT ARE INCOTERMS

LIST AND EXPLAIN THE MEANING OF FIVE INCOTERMS YOU KNOW

### READING LIST

CIBN PRESS( ) International Finance I (CIBN PACK)

**Week12&13** Risk in making payment abroad

>FOREX risks

>Political Risk

- **Objectives** Students should know various risk individuals organization are faced with while engaging in foreign payments and transfers.
- **Description**
- First Hour: Definition of Risk and FOREX Risk
- Second Hour: Causes and Types of FOREX risk
- Third Hour: Techniques to reduce exposure to FOREX risk
- **STUDY QUESTION:**
- **Week Twelve Study Question(s)**  
What are the risk encountered in making payments abroad.

**Week Thirteen Study Question(s)** List and explain the techniques that can be used to guide against FOREX risk.

➤ **READING LIST**

CIBN PRESS( ) International Finance I (CIBN PACK)

**Week14:** Export Processing Zones

- **Objectives:** Students should be able to define EPZ's at the end of this class. They should also be able to list the benefits and importance of EPZ including their impact on economic development.
- **Description**

First hour: Definition of Export Processing Zones, Variants of Export Processing Zones in other countries,

Second hour: Locations of EPZs in Nigeria,

Third hour: Benefit and Importance of EPZs.

**STUDY QUESTION:**

**Week Fourteen Study Question(s)** What are EPZ's? List the benefits o EPZ

**READING LIST**

CIBN PRESS( ) International Finance I (CIBN PACK)**Week 15:**Revision.

- **Study Question: This section entails study question for the week lecture.**

## **Week 16**

**Topic:** Examination

**Objectives:**To examine the students on all that has been taught during the semester.

### **Reading List:**

1. Ezezobor E.A (2004) International Finance. CIBN Press Ltd Lagos.
2. Whiting D.P (1973) Finance of Foreign Trade and Foreign Exchange.  
MacDonald and Evans LTD London.
3. Dwivedi DN (1980) Managerial Economics, Vani Educational Books Vikaas Publishing House, New Delhi.
4. Adetifa S.B (2003) International Business Finance, Amanda Publications, Lagos.
5. Agene C.E (1991) Foreign Exchange and International Trade in Nigeria  
Gene Publications, Lagos.
6. Jhingan M.L. (1985) Money, Banking and International Trade,  
Vani Educational Books, Vikees publishing House, New Delhi.
7. Watson A. (2003) Finance and International Trade  
(Revised by Cowdell, P Hyde), The chartered institute of Bankers, London.
8. Iyoha M.A & Unugbro A.O (2010) International Trade and Finance, Mindex Publishing Co. ltd, Benin City, Nigeria.



9. John E. I.

International Finance CIBN Exam Pack Accountancy  
Training & Publications Ltd., Lagos.

10. CIBN PRESS ( ) International Finance I (CIBN STUDY PACK)

HOD's COMMENTS: \_\_\_\_\_

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Name: \_\_\_\_\_ Signature \_\_\_\_\_ Date: \_\_\_\_\_