

Finance and Business Economics

AREA CHAIR: VICTOR M. BORUN, ASSOCIATE PROFESSOR

The Master of Business Administration in Finance program consists of 69 credits; prerequisites of up to nine credits in economics and quantitative methods may be required. The goal of the Finance curriculum is to provide students with the skills and understanding necessary to make sound financial decisions in a changing domestic and international business environment. In particular, the program aims to develop a thorough understanding of global financial markets, the growing transnational character of business, applications of computer technology, merger activity, and evolving financing methods and instruments. It combines current academic thought with cutting-edge business practice. The Finance and Business Economics area offers a concentration in Finance and elective courses in Business Economics. Students are encouraged to plan their programs relatively early in the course of their studies. The faculty is available to assist in this process.

FOR PROGRAM PREREQUISITES AND PROGRAM SUMMARY, SEE PAGE 9.

MBA in Finance

CONCENTRATION (*five courses, 15 credits*)

Students concentrating in Finance take five courses beyond the Finance core requirement of FN 6411 The Financial Environment; FN 7421 Principles of Modern Finance is strongly suggested.

FINANCE SPECIALIZATIONS

There are no specific required courses for students concentrating in Finance other than the Finance core requirement, FN 6411 The Financial Environment.

Some suggested specializations and course sequences appear below for students interested in specific career paths. Courses marked with an asterisk (*) are essential courses for each suggested specialization.

1. Corporate Financial Management

Appropriate for students interested in corporate-financing decisions and financial analysis.

FN 7421 Principles of Modern Finance*

FN 7422 Corporate Finance*

FN 7423 Mergers, Acquisitions, and Leveraged Buyouts

Two other Finance courses or the equivalent in mini-courses

2. Investment Management

Intended for students interested in the evaluation of securities and non-financial assets, portfolio management, and trading in financial markets.

FN 7421 Principles of Modern Finance*

FN 7430 Investment Analysis*

FN 7431 Options and Futures Markets

FN 7460 Portfolio Management

One other Finance course or two mini-courses

Students considering a career in investment management should be aware of the importance of obtaining their Chartered Financial Analyst's (CFA) designation from the Association for Investment Management and Research (AIMR), located in Charlottesville, Virginia. The CFA is awarded upon satisfactory completion of a series of examinations on ethical, financial, economic, legal, fixed income and equity valuation, and portfolio management issues. Details of the CFA program can be obtained from the Finance faculty. Graduate business courses included in the investment management specialization cover many topics required for the CFA tests.

3. Management of Financial Institutions

Suggested for students interested in careers in banking.

FN 7441 Money, Credit, and Interest Rates*

FN 7442 Commercial Banking

Three other Finance courses or the equivalent in mini-courses.

4. International Finance

Designed for students seeking careers with multinational companies and international financial organizations.

FN 7443 Multinational Investment Analysis

FN 7451 Financial Management of Multinational Companies

FN 7455 Global Finance*

Two other Finance courses or the equivalent in mini-courses.

5. Real Estate Finance

Structured for those pursuing careers in real estate development, underwriting, and institutional acquisitions.

FN 7421 Principles of Modern Finance*

FN 7470 Real Estate Finance

FN 7472 Real Estate Financing Alternatives*

Two other Finance courses or the equivalent in mini-courses

6. Personal Financial Planning

Developed for those seeking careers with financial institutions offering financial planning services.

Increasing complexity of the financial-planning field may require completion of a dual concentration in Accounting/Taxation and Finance. For courses in Accounting/Taxation, please see the Accounting section. Some suggested courses for the Finance concentration are:

FN 7421 Principles of Modern Finance

FN 7430 Investment Analysis

FN 7431 Options and Futures Markets

FN 7460 Portfolio Management

FN 7470 Real Estate Finance

Students may also consider taking two free electives from either Finance and/or Accounting/Taxation or Special Topics offerings.

Students considering a career in personal financial planning should be aware of the importance of obtaining their Certified Financial Planner (CFP) designation from the CFP Board located in Denver, Colorado. Details of the certification may be obtained directly from that institution.

BREADTH ELECTIVES (*five courses, 15 credits*)

Breadth electives are advanced-level courses outside the concentration. Students are limited to a maximum of two courses from a single area. Two recommended electives for students concentrating in Finance are BE 7230 Macroeconomics and AC 7125 Financial Statement Analysis. Students may select electives from specified International Business courses, subject to area distribution requirements, to receive an International Business designation on their official transcript (see page 10). With advance approval of the Dean of Student Affairs, students may take graduate courses that relate to their professional objectives offered by other schools of the University.

FREE ELECTIVES (*two courses, six credits*)

These credits enable students to take advanced-level courses of their choice in either the concentration, elective areas, or both, subject only to individual course prerequisites. Free electives are not subject to the breadth elective distribution requirement or concentration requirements.

Finance Courses

Each course carries three (3) credits unless otherwise indicated.

FN 6411 THE FINANCIAL ENVIRONMENT (MBA REQUIRED COURSE)

Introduces the key concepts in finance and the environment in which they are applied. Students learn how to gauge the financial health of companies and measure and understand financial return in relation to risk. The course also surveys the uses and characteristics of different financial instruments and the function and operation of global financial markets.

PREREQUISITES: AC 6111, BE 6220, DG 6810, AND DG 6820.

FN 7400 BUSINESS FINANCE

Provides a general understanding of corporate financial management. Problems include comparing costs of alternative sources of capital, use of debt versus equity, and comparing fixed-rate versus floating-rate financing. Capital budgeting and managing working capital are discussed, emphasizing the financial impact of marketing and production decisions.

PREREQUISITE: FN 6411.

(Students taking FN 7400 Business Finance will not receive credit for FN 7422 Corporate Finance.)

FN 7410 MANAGEMENT OF FINANCIAL INSTITUTIONS

Applies and adapts techniques of financial management to the specific characteristics of financial institutions and financial services firms. Also discusses the changing regulatory environment and its effects on commercial banks, savings and loan associations, insurance companies, and brokerage firms.

PREREQUISITE: FN 7441.

FN 7415 CREDIT MANAGEMENT

Studies the tools, techniques, and institutions involved in granting credit to businesses. Particular emphasis is placed on advanced cash-flow analysis, assessing financial needs, and recommending appropriate funding vehicles for firms seeking credit. Also presents the evaluation of credit customers' historical, current, and future economic/industry environments.

PREREQUISITE: FN 6411.

FN 7421 PRINCIPLES OF MODERN FINANCE

Provides a conceptual framework that allows both corporate finance and portfolio investment decisions to be viewed and understood in a unified context of risk and return. Examines concepts of valuation, risk and return, diversification, asset pricing, and efficient markets.

PREREQUISITES: FN 6411, DG 6820.

***FN 7422 CORPORATE FINANCE**

Studies corporate finance and its specific decisions. Topics include evaluating capital expenditure proposals, forecasting financing requirements, and selecting sources of financing. The course also discusses working capital management, dividend policy, and contingency planning, and addresses the additional challenges of multinational firms.

PREREQUISITE: FN 7421.

(Students taking FN 7422 Corporate Finance will not receive credit for FN 7400 Business Finance.)

FN 7423 MERGERS, ACQUISITIONS, AND LEVERAGED BUYOUTS

Focuses on identifying and evaluating target companies and structuring deals. Also considers the economic and social impact of such changes in corporate ownership. Students analyze recent cases, search for a target company, structure a deal, and negotiate financial arrangements.

PREREQUISITE: FN 7421.

FN 7430 INVESTMENT ANALYSIS

Provides the foundation for choosing sound investment vehicles that meet investors' objectives. Identifies the wide variety of available investment instruments and examines their risks and benefits. Studies philosophies and techniques of investing, such as fundamental analysis, technical analysis, and uncovering market inefficiencies.

PREREQUISITE: FN 7421.

FN 7431 OPTIONS AND FUTURES MARKETS

Examines the institutional aspects of options and futures markets and discusses the strategies of hedgers, arbitrageurs, and speculators. Provides an introductory analytical foundation for pricing futures and option contracts.

PREREQUISITE: FN 6411.

FN 7433 FIXED-INCOME ANALYSIS

Introduces techniques for valuing fixed-income securities. Particular emphasis on discounted cash-flow analysis to value corporate bonds, municipal bonds, asset-backed-securities, and mortgage-backed securities. Examines the price-yield relationship, the term structure of interest rates, measures of volatility, the price impact of embedded options, and the binomial valuation model.

PREREQUISITE: FN 7421

FN 7435 PENSION MANAGEMENT

Presents an integration of corporate finance and investment analysis techniques aimed at the financial management of corporate pension plans. Provides an overview of the American retirement system and introduces actuarial techniques and pension accounting. Topics include pension liabilities, decisions on how to fund retirement plans, the effects of inflation on assets and benefits, investment strategy and evaluation, and tax and legal issues.

PREREQUISITE: FN 7421.

FN 7441 MONEY, CREDIT, AND INTEREST RATES

Studies the role of money, credit, and interest rates in the efficient and ethical functioning of domestic and global financial markets. This building-block course assumes a background in macroeconomics and finance, and it establishes a foundation for further study in all areas of finance. Topics include: flow of funds and interdependency within the financial system, the Federal Reserve System and its role in money creation, interest rates, the links between interest rates and the growth of money, and the effects of inflation and term structure.

PREREQUISITES: BE 7230, FN 6411. ALSO OFFERED AS BE 7240.

FN 7442 COMMERCIAL BANKING

Explores the evolution of commercial banking. Examines the international character of the money-center banks, and the rise of the regional banks. Also studies asset and liability management, international bank management, syndicated lending, project financing, and lending policies in developing countries.

PREREQUISITE: FN 7441 OR INSTRUCTOR'S PERMISSION.

FN 7443 MULTINATIONAL INVESTMENT ANALYSIS

Examines investment strategies that encompass international financial markets. Studies international money markets, the foreign exchange market, forward markets for commodities and financial instruments, and stock and bond markets. Investment alternatives are analyzed under fixed, floating, and managed exchange-rate regimes.

PREREQUISITES: FN 7421 OR INSTRUCTOR'S PERMISSION.

INTERNATIONAL BUSINESS COURSE.

FN 7451 FINANCIAL MANAGEMENT OF MULTINATIONAL COMPANIES

Focuses on aspects of financial planning for corporations with international operations. Topics include: managing the firm's foreign currency exposure; financial control of foreign operations; international capital budgeting analysis; managing multicurrency working capital; international cost of capital and capital structure issues; foreign project evaluation techniques; analysis of foreign subsidiary performance; and foreign fund management techniques. Particular emphasis on foreign investment opportunities not normally available to a domestic firm.

PREREQUISITE: FN 7421 OR INSTRUCTOR'S PERMISSION.

INTERNATIONAL BUSINESS COURSE.

FINANCE VISITING COMMITTEE

Francis X. Burnes, III

*Managing Director, Global Investment Banking,
Chase Securities*

Andrew Kalotay

President, Andrew Kalotay Associates, Inc.

Thomas Kennedy

*Managing Director, Global Professional Development,
J.P. Morgan Chase & Co.*

Stanley A. Nabi

*Managing Director/Senior Advisor, Credit Suisse
Asset Management*

Bert W. M. Twaalfhoven

President, Indivers, B.V.

FN 7455 GLOBAL FINANCE

Surveys the structure of the international financial environment. Topics studied are world trade and the balance of payments, foreign exchange markets, the long- and short-term determinants of exchange rates, and the major international financial institutions. Explores how the international community adjusts to financial shocks and the role of the Eurocurrency markets. A background in Macroeconomics is recommended.

PREREQUISITE: FN 6411.

INTERNATIONAL BUSINESS COURSE.

ALSO OFFERED AS BE 7244.

FN 7458 CONTEMPORARY ISSUES IN GLOBAL FINANCE

Explores current issues relevant to the global financial system, including international commercial and investment banking and international investments. Emphasizes the underlying conditions and fundamental trends in various sectors of international finance.

PREREQUISITE: FN 6411.

INTERNATIONAL BUSINESS COURSE.

ALSO OFFERED AS BE 7243.

FN 7460 PORTFOLIO MANAGEMENT

Examines portfolio objectives and links them to appropriate investment strategies. Considers the asset-allocation decision, equity and fixed-income portfolio management, return enhancement/risk control techniques, and performance evaluation. Commercial-level portfolio-optimization software is applied to a range of institutional portfolio problems.

PREREQUISITE: FN 7421.

FN 7465 FINANCIAL FORECASTING

Studies the methods and analyses necessary to forecast interest rates, stock indices, and the prices of other financial assets. Considers macroeconomic forecasting and the factors affecting corporate sales and earnings. Students use forecasting software and interpret the statistical results. Also emphasizes judging the quality and usefulness of various time series and cyclical indicators.

PREREQUISITE: DG 7840 OR INSTRUCTOR'S PERMISSION.

FN 7470 REAL ESTATE FINANCE

Discusses the major factors affecting the valuation and financial structuring of real estate, including general tax and depreciation policies. Presents the roles of principal lending institutions, mortgage banks, and investment banks in real estate lending, syndications, and partnerships. Also surveys real estate-related securities and their markets.

PREREQUISITE: FN 6411.

FN 7472 REAL ESTATE FINANCING ALTERNATIVES

Examines both evolving and traditional real estate financing techniques. Through a fixed-income portfolio simulation, students learn the pricing and volatility of mortgages in the fixed-income markets, which provides a basis for determining when to use long- and short-term instruments to finance real estate transactions.

PREREQUISITES: FN 7470, FN 7421.

FN 7496 FINANCIAL MANAGEMENT OF NONPROFIT ORGANIZATIONS

Financial management techniques are adapted to the goals, regulations, and accounting procedures of nonprofit organizations, such as schools, foundations, government agencies, and hospitals. Topics include fund accounting systems, budget preparation and administration, financial reporting, management control, public accountability, and tax-exempt status.

PREREQUISITE: FN 6411.

FN 7499 SPECIAL TOPICS IN FINANCE

Offered from time to time to permit faculty and students to explore a finance topic of particular interest. The specific topic and prerequisites are announced when the course is offered.

Finance Mini-courses

Each mini-course carries 1.5 credits.

Mini-courses cover special topics and recent developments that do not require a full three-credit course. They are offered on a half-term (seven week) basis.

FN 8400 ISSUES IN FINANCE

A variety of special topics courses that vary depending upon the interest of the instructor and the changing financial environment. The specific topics and prerequisites are announced when the course is offered.

PREREQUISITE: FN 7421.

FN 8410 FINANCIAL INNOVATION

Explores recent financial innovations to understand why they developed. Studies the creation and implementation of selected financial innovations, such as securitization of mortgages, put-option bonds, and coupon stripping. Student projects include a search for innovation opportunities within a particular finance area.

PREREQUISITE: FN 7421.

FN 8420 ADVANCED CORPORATE FINANCING TECHNIQUES

Discusses the identification of financing needs, complex financing vehicles, and the matching of vehicles to needs. Topics change depending upon market conditions and other course offerings. The course presently covers leasing, off-balance-sheet and asset-based financing, subordinated loans, industrial revenue bonds, private placement, and interest-rate swaps.

PREREQUISITE: FN 7421.

FN 8430 CORPORATE FINANCE SIMULATION

Focuses on a computer simulation model of financial decision-making in an industrial corporation. Students are assigned to competing "corporate" teams. Lectures and guided working sessions aid strategy formulation. The model is used to illustrate, expand, and integrate material presented in other corporate finance courses.

PREREQUISITE: FN 7421.

Business Economics Courses

Each course carries three (3) credits unless otherwise indicated.

BE 6220 MANAGERIAL ECONOMICS (MBA PROGRAM PREREQUISITE)

Examines the microeconomic theory and concepts that strive to explain economic decisions of businesses in the marketplace. The dominant issues addressed in this course are the factors of supply and demand and the relationship of production costs, output, and market structures to pricing. Designed to provide the economic foundation for management decisions.

PREREQUISITE: DG 6810.

BE 7230 MACROECONOMICS

Studies the forces and interactions that shape the national economic environment. These include levels of consumption and savings, tax policy, government fiscal policy, monetary policy and interest rates, capital investment, and the business cycle. Also addresses the impact of international factors on the national economy. The course establishes the essential role of macroeconomics in corporate and investment planning.

PREREQUISITE: BE 6220.

BE 7240 MONEY, CREDIT, AND INTEREST RATES

Studies the role of money, credit, and interest rates in the efficient and ethical functioning of domestic and global financial markets. This building-block course assumes a background in macroeconomics and finance, and it establishes a foundation for further study in all areas of finance. Topics include: flow of funds and interdependency within the financial system, the Federal Reserve System and its role in money creation, interest rates, the links between interest rates and the growth of money, and the effects of inflation and term structure.

PREREQUISITES: BE 7230, FN 6411. **ALSO OFFERED AS** FN 7441.

BE 7243 CONTEMPORARY ISSUES IN GLOBAL FINANCE

Explores current issues relevant to the global financial system, including international commercial and investment banking and international investments. Emphasizes the underlying conditions and fundamental trends in various sectors of international finance.

PREREQUISITE: FN 6411.

INTERNATIONAL BUSINESS COURSE.

ALSO OFFERED AS FN 7458.

BE 7244 GLOBAL FINANCE

Surveys the structure of the international financial environment. Topics studied are world trade and the balance of payments, foreign exchange markets, the long- and short-term determinants of exchange rates, and the major international financial institutions. Explores how the international community adjusts to financial shocks and the role of the Eurocurrency markets. A background in Macroeconomics is recommended.

PREREQUISITE: FN 6411.

INTERNATIONAL BUSINESS COURSE.

ALSO OFFERED AS FN 7455.

BE 7251 INTERNATIONAL TRADE AND DEVELOPMENT

The first half of the course focuses on the theories and practices of world trade. Topics include comparative advantage, the changing trade competitiveness of nations, and protectionism. During the second half, the focus shifts to developing countries: the process of economic development, including the contribution of foreign investment and technology as well as investment and trade opportunities, policies, and regulations.

PREREQUISITE: BE 6220.

INTERNATIONAL BUSINESS COURSE.

BE 7299 SPECIAL TOPICS IN BUSINESS ECONOMICS

Offered from time to time to permit faculty and students to explore a business economics topic of particular interest. The specific topic and prerequisites are announced when the course is offered.

FORDHAM BUSINESS IS HONORED TO OPEN THE NEW YORK STOCK EXCHANGE ON JUNE 13, 2005.

