

2019.FS

<b>Module Name: Risk Management</b>	
Module Code	w.MA.XX.RM-M3.18HS
Module Description	The financial market crisis of 2007-2009 has shown that the banking industry was badly prepared for such a crisis and that a forward-looking and effective risk management is of utmost importance for financial institutions. The strategic importance of risk management will remain crucial and might create comparative advantages for banks in global markets. The module introduces students to the complexities of risk management as well as its basic organizational setups, models, and management techniques. Students will gain a comprehensive overview of the management of market risk, liquidity risk, credit risk, and operational risk, as well as of the regulatory developments and capital requirements (Basel I, II, and III). After successful completion of this module, students will have a solid foundation of risk management.
Program and Specialization	Banking and Finance
Legal Framework	Academic Regulations MSc in Banking and Finance dated 29.09.2011, Appendix to the Academic Regulations for the degree program in Banking and Finance, first adopted on 28.08.2012
Module Category	<b>Module Type:</b> Compulsory
ECTS	6
Organizational Unit	W Institut für Wealth & Asset Management
Module Coordinator	Jan-Alexander Posth (posh)
Deputy Module Coordinator	Andreas Schweizer (scze)
Prerequisite Knowledge	Students have a Bachelor's degree in Business Administration with a specialization in Banking and Finance. They have some basic knowledge of bank risk management. In particular, students: <ul style="list-style-type: none"> <li>• Are able to classify and describe bank risk;</li> <li>• Know the typical steps followed in a risk management process (identification, measurement, aggregation, management and control, reporting, and monitoring);</li> <li>• Know the basics of risk measurement, such as value at risk and scenario analysis;</li> <li>• Know the main features and the structure of regulatory requirements for the risk and capital management of banks (Basel III, finalization of Basel III);</li> <li>• Have a basic knowledge of the regulatory standard approaches for assessing the capital requirements that cover banking risks.</li> </ul> <p>Basic literature: Michel Crouhy, Dan Galai, Robert Mark; (2013). The Essentials of Risk Management; 2nd edition. New York: McGraw-Hill. ISBN 978-0071818513</p>
Contribution to Program Learning Goals (Affected by Module)	§ Professional Competence § Methodological Competence § Social Competence § Self-Competence
Contribution to Program Learning Objectives	Professional Competence § Knowing and Understanding Content of Theoretical and Practical Relevance § Apply, Analyze, and Synthesize Content of Theoretical and Practical Relevance § Evaluate Content of Theoretical and Practical Relevance Methodological Competence § Problem-Solving & Critical Thinking § Scientific Methodology § Work Methods, Techniques, and Procedures § Information Literacy § Creativity & Innovation Social Competence § Written Communication § Oral Communication § Teamwork & Conflict Management § Intercultural Insight & Ability to Change Perspective Self-Competence § Self-Management & Self-Reflection § Ethical & Social Responsibility § Learning & Change
Module Learning Objectives	Students... § understand the importance of risk and capital management in banking in general. § understand market risk management, credit risk management, and operational risk management.

	<ul style="list-style-type: none"> <li>§ have the ability to identify the relevant risk categories banks are exposed to.</li> <li>§ know the specifics of operational risk modelling and apply this knowledge in a banking context.</li> <li>§ know the specifics of credit risk modelling and management and apply this knowledge in a banking context.</li> <li>§ know the specific characteristics of market- as well as treasury-related (ALM) risks concerning modelling and management and apply this knowledge in a banking context.</li> <li>§ are able to apply the methods learned in specific cases and are, therefore, qualified to work in risk management teams of banks.</li> <li>§ are able to contribute to the improvement of existing and the development of new operational and managerial processes in risk management.</li> <li>§ know about the regulatory developments and capital requirements (Basel III, finalization of Basel III).</li> </ul>																						
Module Content	<ul style="list-style-type: none"> <li>§ Risk Management in Banks</li> <li>§ Market Risk Management</li> <li>§ Treasury Management</li> <li>§ Credit Risk Management</li> <li>§ Operational Risk Management</li> </ul>																						
Links to other modules	-																						
Methods of Instruction	<ul style="list-style-type: none"> <li>§ Lecture</li> <li>§ Interactive Instruction</li> <li>§ Application Tasks</li> <li>§ Case Studies</li> <li>§ Exercises</li> <li>§ Literature Review</li> </ul>	<b>Social Settings Used:</b> <ul style="list-style-type: none"> <li>§ Individual Work</li> <li>§ Group Work</li> </ul>																					
Digital Resources	<ul style="list-style-type: none"> <li>§ Reader</li> <li>§ Teaching Materials</li> <li>§ Practice and Application Exercises (with Key)</li> <li>§ Case Studies (with Key)</li> <li>§ Spreadsheets, case studies, specialized software provided via Moodle</li> </ul>																						
Type of Instruction	<b>Classroom Instruction</b>	<b>Guided Self-Study</b>	<b>Autonomous Self-Study</b>																				
Lecture	72 h	-	-																				
Excercise	-	-	-																				
Project Work	-	-	-																				
Seminar	-	-	-																				
<b>Total</b>	<b>72 h</b>	<b>0 h</b>	<b>108 h</b>																				
Performance Assessment	<table border="1"> <thead> <tr> <th><b>End-of-module exam</b></th> <th><b>Form</b></th> <th><b>Length (min.)</b></th> <th><b>Weighting</b></th> </tr> </thead> <tbody> <tr> <td>Written exam</td> <td>Closed book</td> <td>90</td> <td>100,00%</td> </tr> <tr> <td><b>Permitted Resources</b></td> <td colspan="2">Non-programmable calculator</td> <td>With dictionary</td> </tr> <tr> <td colspan="4"><b>Others</b></td> </tr> <tr> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>Students are not allowed to revise and resubmit performance assessment tasks.</p>			<b>End-of-module exam</b>	<b>Form</b>	<b>Length (min.)</b>	<b>Weighting</b>	Written exam	Closed book	90	100,00%	<b>Permitted Resources</b>	Non-programmable calculator		With dictionary	<b>Others</b>				-	-	-	-
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Classroom Attendance Requirement	-																						
Language of Instruction/Examination	English																						
Compulsory Reading	<ul style="list-style-type: none"> <li>§ Hull, J. (2015). Risk Management and Financial Institutions. ISBN n.a. (selected chapters).</li> <li>§ Crouhy, M., Galai, D. &amp; Mark, R. (2013). The Essentials of Risk Management. 2nd edition. New York: McGraw-Hill. ISBN 978-0071818513.</li> <li>§ Wilson, T. (2015). Value and Capital Management. ISBN n.a. (selected chapters provided as readers).</li> <li>§ Dermine, J. (2015). Bank Valuation – Value-Based Management. 2nd edition. McGraw-Hill. ISBN n.a. (selected chapters provided as readers).</li> <li>§ Bessis, J. (2015). Risk Management in Banking. 4th edition. West Sussex: Wiley. ISBN n.a.</li> <li>§ Literature provided as readers</li> </ul>																						
Recommended Reading	<ul style="list-style-type: none"> <li>§ Stulz, R. (2003). Risk management and derivatives. Thomson South-Western, Mason OH. ISBN n.a. (Chapter 3).</li> <li>§ Nocco, B. &amp; Stulz, R. (2006). Enterprise risk management: Theory and practice. J. of Applied Corporate Finance, 18 (4),</li> <li>§ Admati, A. and Hellwig, M.; 2013; The parade of the bankers' new clothes continues: 23 flawed claims debunked; discussion paper</li> </ul>																						
Comments	Recommended references might become compulsory if highlighted as such during a lecture or exercise.																						