

Course Title	Risk Management							
Course Code	EBC4056							
ECTS Credits	6,5							
Assessment	Whole/Half Grades							
Period	Period	Start	End	Mon	Tue	Wed	Thu	Fri
	5	11-4-2016	3-6-2016	X/E			X/E	
Level	Advanced							
Coordinator	Dennis Bams For more information:w.bams@maastrichtuniversity.nl							
Language of instruction	English							
Goals	<p>Understand the different dimensions of risk in banks, learns how to measure market-, credit-, liquidity- and operational risk.</p> <p>Understand the concepts of regulatory- and economic capital in a Basel II context and how to integrate these in a firm wide framework for performance measurement.</p> <p>After completion of the course, participants should be able to measure alternative risk types, be able to carry out capital requirements, and determine risk mitigating strategies such as hedging and portfolio selection.</p>							
Description	<p>The course is built around three important topics: first, it is important to identify financial risks and to measure them. Important topics, such as value-at-risk, volatility, correlation and copulas, as well as credit risk loss measurement will be addressed. The increased notion of concentration risk, warrant a proper discussion of alternative ways to model/measure co-movements (through copulas), as well as provide alternative ways to represent the variability in a financial variable (this includes alternative volatility models, such as GARCH models).</p> <p>Second, this course focuses on understanding alternative approaches to manage risk. This includes the usage of derivative securities such as options and futures. It is a fact that derivatives' markets are skyrocketing, and it is becoming increasingly common for non-financial corporations to make heavy use of financial derivatives. Indeed, internationally, over 60% of non-financial corporations are reported using derivatives. As of December 2007, the total notional value of over-the-counter derivatives was \$596 trillion, a 200% increase over its value in December 2005. Financial risk management is reported to be the main reason for the use of financial derivatives by non-financial institutions.</p> <p>Third, this course will focus on regulatory developments for banks under Basel II. Basel II has set new capital requirements standards for credit risk, operational risk and market risk. We will review the Basel II three pillar model and will discuss the three risk types mentioned above in detail as well.</p>							
Literature	<p>Risk Management and Financial Institutions, 3rd edition, John C. Hull, Pearson Prentice Hall, ISBN: 978-1-118-26903-9.</p> <p>Additional literature may be available through Canvas .</p> <p>Data and programs for assignments will be available through Canvas .</p>							
Prerequisites	<p>Exchange students need to have obtained a Bachelor degree in economics or business administration.</p> <p>Exchange students need to major in finance in their master.</p> <p>An advanced level of English</p>							
Teaching methods	PBL / Presentation / Lecture / Assignment / Groupwork							
Assessment methods	Written Exam							
Evaluation in previous academic year	For the complete evaluation of this course please click http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM							
This course belongs to the following programme / specialisation	Master Business Research			IB Electives				
	Master Business Research Track OR			IB Electives				
	Master Econometrics and OR			Other Electives				
	Master Economic and Financial Research Track Econometrics			Electives				
	Master Economic and Financial Research			Electives				
	Master Financial Economics			Banking				
	Master Financial Economics			Electives				
	Master Fscale Economie			Economics Electives				
	Master Human Decision Science			Electives				
	Master International Business Track Accountancy			Electives				
	Master International Business Track Controlling			Electives				
	Master International Business Track Entrepreneurship			Electives				
	Master International Business Track Finance			Electives				
	Master International Business Track Finance			Finance				
	Master International Business Track Organisation			Electives				
	Master International Business Track Strategy and Innovation			Electives				
	Master International Business Track Sustainable Finance			Electives				
	SBE Exchange Master			Master Exchange Courses				
	SBE Non Degree Courses			Master Courses				