Course Descriptions None 2013-2014

Course Title	Risk Management
Course Code	EBC4056
ECTS Credits	6,5
Assessment	None

Period

Period	Start	End	Mon	Tue	Wed	Thu	Fri
5	14-4-2014	6-6-2014	X/E			X/E	

Level	Advanced
Coordinator	Dennis Bams For more information:w.bams@maastrichtuniversity.nl
Language of instruction	English
Goals	Understand the different dimensions of risk in banks, learns how to measure market-, credit-, liquidity- and operational risk. 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. 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.
Description	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). 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. 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.
Literature	Risk Management and Financial Institutions, 2nd edition, John C. Hull, Pearson Prentice Hall, ISBN: 978-0-273-75907-2. Additional literature may be available through Canvas . Data and programs for assignments will be available through Canvas .
Prerequisites	Exchange students need to have obtained a Bachelor degree in economics or business administration. Exchange students need to major in finance in their master. An advanced level of English
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 Fiscale 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
SBE Exchange Master	Master Courses
SBE Non Degree Courses	Master Courses