

**Санкт-Петербургский филиал Федерального государственного автономного
образовательного учреждения высшего профессионального образования
«Национальный исследовательский университет
“Высшая школа экономики”»**

Факультет Санкт-Петербургская школа экономики и менеджмента

Рабочая программа дисциплины

**«Финансовый риск-менеджмент»
(Financial risk management)**

**для направления 38.03.02 «Менеджмент» подготовки бакалавров
Образовательная программа «Международный бизнес и менеджмент»**

Язык преподавания – английский

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Бойко К.А. _____ «__» _____ 2018 г.

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Course Syllabus

Title of the course		Financial Risk Management			
Title of the Academic Programme		Bachelor program - Finance (in English)			
Type of the course		Elective			
Prerequisites		Financial Economics, Microeconomics, International Finance			
ECTS workload		5?			
Total indicative study hours		Directed Study	Self-directed study	Total	
		42	110	152	
Course Overview		The course presents an advanced treatment of the theory and its application to financial institutions and international corporations. This course will provide students with a comprehensive overview of the main types of risk that have such a substantial impact on international firms and financial institutions. This course consists of seven units, which will enrich knowledge with an invaluable grounding in the subject and enable students to acquire a strong theoretical and practical understanding of the current and essential risk management practices.			
Intended Learning Outcomes (ILO)		<p>Know basic functions of financial risk management.</p> <p>Forecast the financial risks that financial institutions and corporations could face in the international market.</p> <p>Measure the risks that arise from financial markets - such as credit risk, market risk, liquidity risk and sovereign risk.</p> <p>Classify derivative instruments that could be used in managing the risks of financial institutions and international corporations.</p>			
Teaching and Learning Methods		The course consists of lectures (14 hours) and tutorials (28 hours). The tutorials involve student presentations (in small groups), problems solving, case analysis and the individual assignment (project).			
Content and Structure of the Course					
№	Topic / Course Chapter	Total	Directed Study		Self-directed Study
			Lectures	Tutorials	
1	Introduction to Financial Risk Management	21	2	4	15
2	Interest Rate Risk	21	2	4	15
3	Credit Default Risk	21	2	4	15
4	Foreign Exchange Risk	21	2	4	15
5	Sovereign Risk	21	2	4	15
6	Off-Balance-Sheet Risk and Liquidity Risk	26	2	4	20
7	Managing Risk	21	2	4	15
Total study hours		152	14	28	110
Indicative Assessment Methods and Strategy		<p>The cumulative grade (G_C) is calculated as an average, based on the following equation: $G_C = 0,45 \cdot G_{hw} + 0,1 \cdot G_{sa} + 0,45G_t$ where <i>G_{hw}</i> – grade for colloquium <i>G_{sa}</i> – grade for students' activities at class <i>G_t</i> - grade for written assignment The final grade (G_F) is calculated as follows: $G_F = 0,5 \cdot G_C + 0,5 \cdot G_{EX}$ where <i>G_{EX}</i> – grade for the final examination</p>			
Readings / Indicative Learning Resources		<p><u>Mandatory</u></p> <ol style="list-style-type: none"> Anthony Saunders & Marcia Millon Cornett (2014). Financial Institutions Management: A Risk Management Approach, 8th edition, McGraw-Hill/Irwin. 			

	<p>2. Zvi Bodie, Alex Kane, Alan J. Marcus (2012). <i>Essentials of Investments</i>, 9th Edition, The McGraw-Hill/Irwin, USA.</p> <p><u>Optional</u></p> <p>1. Michel Crouhy, Dan Galai, Robert Mark (2014). <i>The Essentials of Risk Management</i>, 2nd Edition. McGraw-Hill, NY, USA.</p>		
Indicative Self- Study Strategies	Type	+/-	Hours
	Reading for seminars / tutorials (lecture materials, mandatory and optional resources)	+/-	30
	Assignments for seminars / tutorials / labs	+	30
	E-learning / distance learning (MOOC / LMS)	+	0
	Fieldwork	+	0
	Project work	+	30
	Other (please specify)	-	
	Preparation for the exam	+	20
Academic Support for the Course	Academic support for the course is provided via LMS, where students can find: guidelines and recommendations for doing the course; guidelines and recommendations for self-study; samples of assessment materials		
Facilities, Equipment and Software	(If required)		
Course Instructor	Dr. Darko Vukovic, Prof. Assoc.		

Course Content

<p>Lecture 1. Introduction to Financial Risk Management</p> <p>Sources of financial risk Diversification Risk Management Process Factors that Impact Financial Rates and Prices Theories of Interest Rate Determination Financial Risk Management: A Selective History</p> <p>Reading: Anthony Saunders & Marcia Millon Cornett (2014). <i>Financial Institutions Management: A Risk Management Approach</i>, 8th edition, McGraw-Hill/Irwin.</p>
<p>Lecture 2. Interest Rate Risk</p> <p>The repricing model Rate-Sensitive Assets and Rate-Sensitive Liabilities Spread effect The term structure of interest rates Unbiased Expectations Theory Liquidity Premium Theory Forecasting Interest Rates</p> <p>Reading: Anthony Saunders & Marcia Millon Cornett (2014). <i>Financial Institutions Management: A Risk Management Approach</i>, 8th edition, McGraw-Hill/Irwin.</p>

Lecture 3. Credit Default Risk

Commercial and Industrial Loans
Real Estate Loans
Individual (Consumer) Loans
The Contractually Promised Return on a Loan
The Expected Return on a Loan

Reading: Anthony Saunders & Marcia Millon Cornett (2014). Financial Institutions Management: A Risk

Lecture 4. Foreign Exchange Risk

The concept of foreign currency and foreign exchange markets
The importance and the actors in the foreign exchange market
Proper cross rates currencies
Improper cross rates currencies

Reading: Anthony Saunders & Marcia Millon Cornett (2014). Financial Institutions Management: A Risk

Lecture 5. Sovereign Risk

Debt Repudiation Versus Debt Rescheduling
Country Risk Evaluation
Variance of Export Revenue (VAREX)
Using Market Data to Measure Risk: The Secondary Market for LDC and Emerging Market Debt

Reading: Anthony Saunders & Marcia Millon Cornett (2014). Financial Institutions Management: A Risk

Lecture 6. Off-Balance-Sheet Risk and Liquidity Risk

Off-Balance-Sheet Activities and Fi Solvency
Returns and Risks of Off-Balance-Sheet Activities
Loan Commitments
Commercial Letters of Credit and Standby Letters of Credit

Reading: Anthony Saunders & Marcia Millon Cornett (2014). Financial Institutions Management: A Risk

Lecture 7. Managing Risk

Credit Risk Management
Calculating the Return on a Loan
Comparison of Hedging Methods

Reading: Anthony Saunders & Marcia Millon Cornett (2014). Financial Institutions Management: A Risk

Assessment Methods and Criteria

Assessment Methods

Types of Assessment	Forms of Assessment	Modules			
		1	2	3	4
Formative Assessment	Test		*		
	Essay				
	Report/Presentation				
	Project				
	In-class Participation	*	*		
	Other – problem sets				
Interim Assessment (if required)	Assignment (e.g. written assignment)		*		
Summative Assessment	Exam		*		

Assessment Criteria

In-class Participation

Grades	Assessment Criteria
«Excellent» (8-10)	A critical analysis which demonstrates original thinking and shows strong evidence of preparatory research and broad background knowledge.
«Good» (6-7)	Shows strong evidence of preparatory research and broad background knowledge. Excellent oral expression.
«Satisfactory» (4-5)	Satisfactory overall, showing a fair knowledge of the topic, a reasonable standard of expression. Some hesitation in answering follow-up questions and/or gives incomplete or partly irrelevant answers.
«Fail» (0-2)	Limited evidence of relevant knowledge and an attempt to address the topic. Unable to offer relevant information or opinion in answer to follow-up questions.

Project Work

Grades	Assessment Criteria
«Excellent» (8-10)	A well-structured, analytical presentation of project work. Shows strong evidence and broad background knowledge. In a group presentation all members contribute equally and each contribution builds on the previous one clearly; Answers to follow-up questions reveal a good range and depth of knowledge beyond that covered in the presentation and show confidence in discussion.
«Good» (6-7)	Clearly organized analysis, showing evidence of a good overall knowledge of the topic. The presenter of the project work highlights key points and responds to follow up questions appropriately. In group presentations there is evidence that the group has met to discuss the topic and is presenting the results of that discussion, in an order previously agreed.
«Satisfactory» (4-5)	Takes a very basic approach to the topic, using broadly appropriate material but lacking focus. The presentation of project work is largely unstructured, and some points are irrelevant to the topic. Knowledge of the topic is limited and there may be evidence of basic misunderstanding. In a group presentation, most of the work is done by one or two students and the individual contributions do not add up.
«Fail» (0-2)	Fails to demonstrate any appropriate knowledge.

Written Assignments (Essay, Test/Quiz, Written Exam, etc.)

Grades	Assessment Criteria
«Excellent» (8-10)	Has a clear argument, which addresses the topic and responds effectively to all aspects of the task. Fully satisfies all the requirements of the task; rare minor errors occur;
«Good» (6-7)	Responds to most aspects of the topic with a clear, explicit argument. Covers the requirements of the task; may produce occasional errors.
«Satisfactory» (4-5)	Generally addresses the task; the format may be inappropriate in places; display little evidence of (depending on the assignment): independent thought and critical judgement include a partial superficial coverage of the key issues, lack critical analysis, may make frequent errors.
«Fail» (0-2)	Fails to demonstrate any appropriate knowledge.

Recommendations for students about organization of self-study

Self-study is organized in order to:

- Systemize theoretical knowledge received at lectures;
- Extending theoretical knowledge;
- Learn how to use legal, regulatory, referential information and professional literature;
- Development of cognitive and soft skills: creativity and self-sufficiency;
- Enhancing critical thinking and personal development skills;
- Development of research skills;
- Obtaining skills of efficient independent professional activities.

Self-study, which is not included into a course syllabus, but aimed at extending knowledge about the subject, is up to the student's own initiative. A teacher recommends relevant resources for self-study, defines relevant methods for self-study and demonstrates students' past experiences. Tasks for self-study and its content can vary depending on individual characteristics of a student. Self-study can be arranged individually or in groups both offline and online depending on the objectives, topics and difficulty degree. Assessment of self-study is made in the framework of teaching load for seminars or tests.

In order to show the outcomes of self-study it is recommended:

- Make a plan for 3-5 presentation which will include topic, how the self-study was organized, main conclusions and suggestions and its rationale and importance.
- Supply the presentation with illustrations. It should be defined by an actual task of the teacher.

Recommendations for essay

An essay is a written self-study on a topic offered by the teacher or by the student him/herself approved by teacher. The topic for essay includes development of skills for critical thinking and written argumentation of ideas. An essay should include clear statement of a research problem; include an analysis of the problem by using concepts and analytical tools within the subject that generalize the point of view of the author.

Essay structure:

1. *Introduction and formulation of a research question.*
2. *Body of the essay* and theoretical foundation of selected problem and argumentation of a research question.
3. *Conclusion* and argumentative summary about the research question and possibilities for further use or development.

Special conditions for organization of learning process for students with special needs

The following types of comprehension of learning information (including e-learning and distance learning) can be offered to students with disabilities (by their written request) in accordance with their individual psychophysical characteristics:

- 1) *for persons with vision disorders:* a printed text in enlarged font; an electronic document; audios (transferring of learning materials into the audio); an individual advising with an assistance of a sign language interpreter; individual assignments and advising.
- 2) *for persons with hearing disorders:* a printed text; an electronic document; video materials with subtitles; an individual advising with an assistance of a sign language interpreter; individual assignments and advising.
- 3) *for persons with muscle-skeleton disorders:* a printed text; an electronic document; audios; individual assignments and advising.