

RISK MANAGEMENT II

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Abstract

This elective course will give understanding of the risk framework, risk appetite, risk processes, risk-based pricing and risk infrastructure. The students will get knowledge of how financial institutions create value via risk management. There is no higher math in this course. The course is taught in English.

Prerequisites

Accounting, statistics, econometrics. Corporate finance is recommended

Learning Objectives and Outcomes

The aim of this course is to provide understanding of practical grounds of risk management in financial institutions.

The student should be able to apply professional knowledge and skills acquired while studying the course in practical areas, including academic research, work in financial institutions, industry, state governance.

Methods of Instruction

The following methods and forms of study are used in the course:

- lectures (4 hours a week)
- home assignment on one of the topics
- teachers' consultations
- self-study

Grading System and Knowledge Assessment

The course grade is sum of home assignment (20%) and final exam (80%).

Sample materials for knowledge assessment are available in ICEF Information system at <https://icef-info.hse.ru>.

Required reading

1. Risk Management in Banking 2nd ed., Joel Bessis
2. Economics of Money, Banking, and Financial Markets, Frederic S. Mishkin

Optional reading

1. Options, Futures and Other Derivatives 6th ed., John C. Hull
2. Value at Risk, Philippe Jorion

Special Equipment and Software Support

Laptop, projector, Internet connection

MS Word, MS Excel

Guest speakers

The course will include presentations of guest speakers from banking industry.

Course plan

1. Overall risk framework

The role of risk management, risk setup in organization, risk appetite statement, risk committees

2. Regulation

Overview of regulatory requirements: Basel I-II-III-IV

3. Credit risk management

Processes and models. Risk-based pricing. Active credit portfolio management

4. Market risk management

Processes and models. Risk IT infrastructure in Global Markets

5. Asset Liability Management I

Concept of the banking book. Interest rate and FX risk management: processes and models.

6. Asset Liability Management II

Funds transfer pricing. Liquidity risk management: processes and models

7. Operational, compliance and other risks

Processes and models

8. Enterprise risk management

Risk dashboards, performance evaluation via risk-based metrics