

**CDA4 Programme Design Template
Module specification (with KIS) 2014-15**



University of the
West of England


ACADEMIC SERVICES

MODULE SPECIFICATION

Part 1: Basic Data					
Module Title	Risk Management				
Module Code	UMECRK-15-M	Level	M	Version	2
UWE Credit Rating	15	ECTS Credit Rating	7.5	WBL module?	No
Owning Faculty	FBL	Field	Economics		
Department	Accounting, Economics and Finance	Module Type	Standard		
Contributes towards	MSc Finance, MA Economics				
Pre-requisites	None	Co- requisites	None		
Excluded Combinations	None	Module Entry requirements			
First CAP Approval Date	26 March 2015	Valid from	September 2015		
Revision CAP Approval Date		Revised with effect from			

Review Date	September 2021
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Part 2: Learning and Teaching	
Learning Outcomes	<p>On successful completion of this module students will be able to:</p> <ul style="list-style-type: none"> Distinguish different sources of financial and operational risks (A) Apply and critically assess simple approaches of risk measurement (A) Demonstrate an understanding of the fundamental concepts of hedging with derivatives (A) Apply complex risk measurement techniques and will be able to discuss their drawbacks and advantages (A) Distinguish different forms of market risk and their measurement and management (A) Understand yield curves and calculate duration and convexity measures (A) <p>In addition the educational experience may explore, develop, and practise <u>but not formally discretely assess</u> the following:</p> <ul style="list-style-type: none"> Working as a team member. Presentation of own work to a group Facility in the use of EXCEL
Syllabus Outline	1. Sources of risk (financial)

	<ol style="list-style-type: none"> 2. Sources of risk (operational and business risks) 3. Simple approaches to risk measurement (s.d. variance, CAPM, 'Greeks') 4. Volatility and GARCH modelling (Using EXCEL Solver: S&P 500) 5. Value at Risk measures (expected shortfall, time horizon, confidence level, types of VaR measures, back testing, stress testing) 6. VaR and historical simulation (methodology, accuracy, historical and weighted historical simulation) 7. Extreme value theory (define, parameter estimation, choosing the threshold, QQ plot; application: S&P 500) 8. Hedging with derivatives (forwards and futures) 9. Hedging with derivatives (options) 10. Credit risk (credit ratings, historical default probabilities, estimating default probabilities from bond prices) 11. Interest rate risk and asset/liability management (measuring interest rates, duration, yield curve, interest rate deltas) 12. Managing operational risk (different ways of operational risk management, steps to measuring operational risk, capital attribution for operational risk) 																									
Contact Hours	3 hours per week (2 hours lecture and 1 hour tutorial) over a 12 week term.																									
Teaching and Learning Methods	<p>The aim of the module is to provide students with an understanding of a variety of financial and operational risks, their measurement and management. A variety of teaching methods will be used, centred on conventional lectures and seminars. However, selected topics (e.g. 4, 5 and 6) will be explored through workshop sessions using EXCEL.</p> <p>The core of the programme will be a series of lectures and seminars. A variety of teaching methods will be used. Students will be confronted with a series of practical exercises which will enable them to build up a range of valuation and other analytical techniques.</p> <p>Students will be actively encouraged to make themselves familiar with the study skills web pages and in particular to read widely around the subject matter. Active use will be made of the Blackboard facilities.</p>																									
Key Information Sets Information	<p>Key Information Sets (KIS) are produced at programme level for all programmes that this module contributes to, which is a requirement set by HESA/HEFCE. KIS are comparable sets of standardised information about undergraduate courses allowing prospective students to compare and contrast between programmes they are interested in applying for.</p> <table border="1" data-bbox="459 1424 1369 1816" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="5" style="text-align: left;">Key Information Set - Module data</th> </tr> <tr> <td colspan="5"><i>Number of credits for this module</i></td> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td style="border: 2px solid black; text-align: center;">15</td> </tr> <tr> <th style="background-color: #cccccc;">Hours to be allocated</th> <th style="background-color: #cccccc;">Scheduled learning and teaching study hours</th> <th style="background-color: #cccccc;">Independent study hours</th> <th style="background-color: #cccccc;">Placement study hours</th> <th style="background-color: #cccccc;">Allocated Hours</th> </tr> <tr> <td style="text-align: center;">150</td> <td style="text-align: center;">36</td> <td style="text-align: center;">114</td> <td style="text-align: center;">0</td> <td style="text-align: center;">150</td> </tr> </tbody> </table> <p style="text-align: right; margin-right: 20px;"></p> <p>The table below indicates as a percentage the total assessment of the module which constitutes a -</p> <p>Written Exam: Unseen written exam, open book written exam, In-class test Coursework: Written assignment or essay, report, dissertation, portfolio, project Practical Exam: Oral Assessment and/or presentation, practical skills assessment, practical exam</p>	Key Information Set - Module data					<i>Number of credits for this module</i>									15	Hours to be allocated	Scheduled learning and teaching study hours	Independent study hours	Placement study hours	Allocated Hours	150	36	114	0	150
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Please note that this is the total of various types of assessment and will not necessarily reflect the component and module weightings in the Assessment section of this module description:

Total assessment of the module:			
Written exam assessment percentage		100%	
Coursework assessment percentage		0%	
Practical exam assessment percentage		0%	
		100%	

Reading Strategy

Students will be encouraged to make full use of the print and electronic resources available to them through membership of the University. These include a range of electronic journals and a wide variety of resources available through web sites and information gateways. The University Library's web pages provide access to subject relevant resources and services, and to the library catalogue. Many resources can be accessed remotely. Students will be presented with opportunities within the curriculum to develop their information retrieval and evaluation skills in order to identify such resources effectively.

Students will be expected to utilise a range of reading and other materials to undertake further independent research to extend their familiarity and appreciation of the subject and to help them prepare for the in-course assessment and examination in this module. To this end, extensive use will be made of Blackboard, additionally, students will also be encouraged to utilise the study skills web pages.

At the moment, the essential reading (and core text) is to be Hull, J C, 2012, *Risk Management and Financial Institutions*. London: Pearson. Subject to confirmation in module handbook, students will be expected to purchase the core text.

At this level we would also expect students to explore sources which report the most recent research in risk and risk management. This would include the working papers of LSE's Financial Markets Group, the journals *Risk* and *Journal of Risk Management*, and the Bank of England's *Financial Stability Review*.

Indicative Reading List

Bodhoukh, J, M Richardson and R Whitelaw, 'The best of both worlds', *Risk*, 11, May 1998, 64-67

Christoffersen, P F, 2003, *Elements of Financial Risk Management*. London: Academic Press.

Crouhy, M, Galai, D, and Mark, R, 2000, *Risk Management*. London: McGraw-Hill

Marrison, C, 2002, *The Fundamentals of Risk Measurement*. London: McGraw-Hill.

Journal of Risk Management Risk.

Hull, J, 2012, *Fundamentals of Options Markets*, 7th ed., London: Prentice Hall

Blake, D, 2000, *Financial Market Analysis*, 2nd ed, London: Wiley and Sons

Part 3: Assessment

Assessment Strategy

There will be both formative and summative assessment on the module. The formative assessment will be through continuous feedback on tutorial and workshop exercises whilst the summative assessment will be through a two hour exam. The major part of the examination will require students to write an analysis of selected risk management problems. The analysis will be written without recourse to notes, books or other aids and it will require students to show that they can apply concepts and principles that have been discussed in the course.

Identify final assessment component and element	Component A	
% weighting between components A and B (Standard modules only)	A:	B:
	100%	
First Sit		
Component A (controlled conditions) Description of each element	Element weighting (as % of component)	
1. Exam -2 hours (part seen)	100%	
Component B Description of each element	Element weighting (as % of component)	
1. n/a		

Resit (further attendance at taught classes is not required)		
Component A (controlled conditions) Description of each element	Element weighting (as % of component)	
1. Exam -2 hours (part seen)	100%	
Component B Description of each element	Element weighting (as % of component)	
1. n/a		
If a student is permitted a retake of the module under the University Regulations and Procedures, the assessment will be that indicated by the Module Description at the time that retake commences.		