



Module Specification

Credit Risk Management

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Part 1: Information

Module title: Credit Risk Management

Module code: UMADUR-15-M

Level: Level 7

For implementation from: 2023-24

UWE credit rating: 15

ECTS credit rating: 7.5

Faculty: Faculty of Business & Law

Department: FBL Dept of Accounting Economics & Finance

Partner institutions: None

Delivery locations: Not in use for Modules

Field: Accounting and Finance

Module type: Module

Pre-requisites: None

Excluded combinations: None

Co-requisites: None

Continuing professional development: No

Professional, statutory or regulatory body requirements: None

Part 2: Description

Overview: Overall, the purpose of this module is to introduce students to the concept of credit risk and acquaint them with the theoretical as well as practical applications with a view to efficiently analysing, reporting and managing credit risk.

Features: Not applicable

Educational aims: The module aims to enable students to develop an appreciation for the subject area of credit risk, its potential and practical significance and inspire students to actively pursue research in this area and remain up-to-date with the rapid developments in the various constituent areas of credit risk.

In addition, the educational experience may explore, develop, and practise, but not formally discretely assess, the following:

Communication of information, ideas, arguments, concepts, theories and development of an argument in a clearly and effectively organised essay or report.

Use of IT and computer skills in the identification of source material, capture and manipulation of data and support of research.

Planning and undertaking tasks, developing criteria to evaluate performance and seeking and making use of feedback.

Outline syllabus: Introduction to Credit Risk and Credit Analysis

Credit Risk Measurement: expected, unexpected loss, recovery rate, default probability, and risk-adjusted pricing

Rating Assignment Methodologies

Structural and Reduced Form Approaches

The Merton Model

Credit Risk Portfolio models: CreditRisk+, Creditmetrics, KMV

Credit Derivatives and Securitization: Credit Default Swaps, Total Return Swaps, Asset-Backed Credit-Linked Notes, CDOs

Default Probabilities and Credit Spreads

Spread Risk and Default Intensity Models

Credit VaR

Regulation and Basel Accords

Part 3: Teaching and learning methods

Teaching and learning methods: Module delivery will be based on 3 hours of scheduled learning and teaching activities per teaching week.

Formal contact between lecturers and students will be through lectures and workshops each week.

The main purpose of the lectures will be to convey core material and engage students in critical thinking over the theories and practices relating to credit risk and its management.

The workshops, tutorials and other organized learning activities will aim to enable students to apply the knowledge gained in the lectures and also emulate industry models and practices in a facilitated environment.

Module Learning outcomes: On successful completion of this module students will achieve the following learning outcomes.

MO1 Apply and critically evaluate qualitative and quantitative methods for credit risk

MO2 Critically evaluate and apply credit risk portfolio models

MO3 Critically discuss and evaluate credit risk management techniques

MO4 Critically assess and employ credit derivatives to mitigate credit risk

MO5 Develop analytical skills necessary for the analysis of credit risk and identification of appropriate methods for its management and ability to solve complex financial problems

Hours to be allocated: 150

Contact hours:

Independent study/self-guided study = 114 hours

Face-to-face learning = 36 hours

Total = 150

Reading list: The reading list for this module can be accessed at readinglists.uwe.ac.uk via the following link

Part 4: Assessment

Assessment strategy: The module will be assessed by means of an unseen examination (60%) and a 2,000 word written coursework assessment (40%). The examination focuses on the cognitive and subject specific skills, while the coursework puts more emphasis on the transferable skills of data retrieval and management and communication.

Formative feedback (non-assessed) will be given on in class group activities.

The assessment criteria for the coursework assignment (and how they relate to the stated learning outcomes) will be communicated to students when they are notified of the topic.

Assessment components:

Examination (Online) (First Sit)

Description: Unseen exam

Weighting: 60 %

Final assessment: Yes

Group work: No

Learning outcomes tested: MO1, MO2, MO3, MO4, MO5

Written Assignment (First Sit)

Description: 2,000 word individual assignment

Weighting: 40 %

Final assessment: No

Group work: No

Learning outcomes tested:

Examination (Online) (Resit)

Description: Online examination

Weighting: 60 %

Final assessment: Yes

Group work: No

Learning outcomes tested: MO1, MO2, MO3, MO4, MO5

Written Assignment (Resit)

Description: 2,000 word written coursework

Weighting: 40 %

Final assessment: No

Group work: No

Learning outcomes tested: MO3

Part 5: Contributes towards

This module contributes towards the following programmes of study:

Finance and Investment [Frenchay] MSc 2023-24

Finance and Investment [Sep][PT][Frenchay][3yrs] - Withdrawn MSc 2022-23