

Liverpool John Moores University

Title: RISK MANAGEMENT IN INTERNATIONAL BANKING
Status: Definitive
Code: **7506FTKAE** (106421)
Version Start Date: 01-08-2011

Owning School/Faculty: Liverpool Business School
Teaching School/Faculty: Kaplan Financial London

Team	Leader
Tony Hall	Y

Academic Level: FHEQ7 **Credit Value:** 15.00 **Total Delivered Hours:** 32.00
Total Learning Hours: 150 **Private Study:** 118

Delivery Options

Course typically offered: Semester 2

Component	Contact Hours
Lecture	20.000
Tutorial	10.000

Grading Basis: 40 %

Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Exam	AS1	Examination	67.0	2.00
Essay	AS2	Coursework	33.0	

Aims

To equip participants to evaluate and manage risk within a corporate environment.

Learning Outcomes

After completing the module the student should be able to:

- 1 Analyse the main financial risks faced by the firm and appreciate the role of hedging

- in managing risk.
- 2 Evaluate forwards, futures, options and swap contracts.
- 3 Value derivative contracts and use the valuation techniques to evaluate hedging opportunities.
- 4 Evaluate the use of derivative contracts in the hedging of interest rate, currency and commodity risk.
- 5 Analyse the role of financial markets in the provision of insurance based capital market products.
- 6 Evaluate the Value at Risk methodology and how it may be used to quantify portfolio risk.

Learning Outcomes of Assessments

The assessment item list is assessed via the learning outcomes listed:

EXAM	1	2	3	4	5
Investigation of VaR	1	6			

Outline Syllabus

1. *Introduction to major sources of risk and the concept of hedging.*
2. *Evaluation of forward and futures contracts.*
3. *Evaluation of option and swap contracts.*
4. *Valuation of derivative contracts.*
5. *Analysis of how the valuation of derivative contracts informs the hedging decision.*
6. *Analysis of strategies available to hedge interest rate risk.*
7. *Evaluation of currency risk hedging techniques.*
8. *Evaluation of strategies available to hedge commodity risk*
9. *Analysis of alternative risk transfer and the role of the capital markets in the provision of insurance type products.*
10. *Evaluation of the Value at Risk methodology and how it may be used to quantify risk.*

Learning Activities

The module will consist of lectures and tutorials.

References

Course Material	Book
Author	Dempster, M. A. H
Publishing Year	2002
Title	Risk Management: Value at Risk and Beyond
Subtitle	
Edition	

Publisher	Cambridge University Press
ISBN	0-52178-180-9

Course Material	Book
Author	Dubofsky, David. A & Miller, Thomas. W
Publishing Year	2003
Title	Derivatives: Valuation and Risk Management
Subtitle	
Edition	
Publisher	Oxford University Press
ISBN	0-19-511470-1

Course Material	Book
Author	Lumby, Steve & Jones, Chris
Publishing Year	2003
Title	Corporate Finance: Theory and Practise
Subtitle	
Edition	
Publisher	Thomson Publishing
ISBN	1-86152-926-0

Course Material	Book
Author	Stulz, Ren
Publishing Year	2002
Title	Derivatives, Financial Engineering, and Risk Management
Subtitle	
Edition	
Publisher	Thomson Learning
ISBN	0-53886-101-0

Notes

The module offers an analysis of risk management techniques within a corporate environment.

The coursework provides an opportunity for feedback.