Liverpool John Moores University

Title:	RISK MANAGEMENT IN INTERNATIONAL BANKING
Status:	Definitive
Code:	**7521AE** (107294)
Version Start Date:	01-08-2011
Owning School/Faculty:	Liverpool Business School
Teaching School/Faculty:	Isle of Man International Business School

Team	Leader
Alex Watt	Y

Academic Level:	FHEQ7	**Credit Value:**	15.00	**Total Delivered Hours:**	38.00
Total Learning Hours:	150	**Private Study:**	112		

Delivery Options

Course typically offered: Runs Twice - S1 & S2

Component	**Contact Hours**
Lecture	24.000
Tutorial	12.000

Grading Basis: 40 %

Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Exam	AS1	Exam	67.0	2.00
Essay	AS2	1 assignment.	33.0	

Aims

To enable participants to evaluate corporate decision making in conditions of risk and uncertainty.

Learning Outcomes

After completing the module the student should be able to:

1 Analyse financial risks firms face in an international context;
2 Evaluate the role of forward, futures and swap contracts in the management of risk;
3 Value option contracts and use the valuation techniques for both risk management and investment appraisal decisions;
4 Use derivative contracts to manage interest rate risk
5 Evaluate currency hedging techniques;
6 Analyse the role of financial markets in the provision of insurance based capital market products.

Learning Outcomes of Assessments

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

EXAM	1	2	3	4	5	6
ESSAY	4	5	6			

Outline Syllabus

1. The Characteristics of international business risk;
2. Evaluation of forward, futures and swap contracts;
3. Consideration of the Black-Scholes option pricing formula;
4. Application of option contracts in the management of risk;
5. Use of option pricing theory to evaluate real investment decisions;
6. Strategies to manage interest rate risk;
7. Strategies to manage exchange rate risk;
8. The use of capital markets as an alternative to conventional insurance markets. The role of catastrophe options.
9. Value at Risk and capital adequacy requirements.

Learning Activities

The module will consist of standard lectures, seminars and tutorials

References

Course Material	Book
Author	Ephraim Clark & Bernard Marios,
Publishing Year	1996
Title	Managing Risk in an International Business: Techniques and Applications,
Subtitle	
Edition	
Publisher	(Thomson Business Press),
ISBN	0412597209

Course Material	Book
Author	David G. Luenberger,
Publishing Year	1998
Title	Investment Science,
Subtitle	
Edition	
Publisher	(Oxford University Press),
ISBN	0195108094

Course Material	Book
Author	Salih N. Neftci,
Publishing Year	1996
Title	An introduction to the Mathematics of Financial Derivatives,
Subtitle	
Edition	
Publisher	(Academic Press),
ISBN	0125153902

Course Material	Book
Author	David Winstone,
Publishing Year	1997
Title	Financial Derivatives,
Subtitle	
Edition	
Publisher	(International Thomson Business Press),
ISBN	1861522053

Course Material	Book
Author	David K. Eiteman, Arthur I. Stonehill & Michael. Moffett,
Publishing Year	1998
Title	Multinational Business Finance,
Subtitle	
Edition	
Publisher	(Addison Wesley),
ISBN	0201325527

Course Material	Book
Author	Francesca Taylor
Publishing Year	1997
Title	Mastering Foreign Exchange and Currency Options,
Subtitle	
Edition	
Publisher	(FT Pitman Publishing),
ISBN	0273625373

Course Material	Book

Author	Joel Bessis
Publishing Year	1997
Title	Risk Management in Banking
Subtitle	
Edition	
Publisher	(Wiley),
ISBN	0471974668

Course Material	Book
Author	Joseph Sinkey Jr
Publishing Year	1997
Title	Commercial Bank Financial Management,
Subtitle	
Edition	
Publisher	(Prentice Hall),
ISBN	0135210488

Course Material	Book
Author	Philippe Jorion,
Publishing Year	1996
Title	Value at Risk : A New Benchmark for Measuring Derivatives Risk,
Subtitle	
Edition	
Publisher	(Irwin Professional Publishing),
ISBN	0786308486

Course Material	Book
Author	Journal of International Money, Banking and Finance
Publishing Year	0
Title	
Subtitle	
Edition	
Publisher	
ISBN	

Course Material	Book
Author	Journal of Futures Markets
Publishing Year	0
Title	
Subtitle	
Edition	
Publisher	
ISBN	

Course Material	Book
Author	Risk magazine

Publishing Year	0
Title	
Subtitle	
Edition	
Publisher	
ISBN	

Notes

.