



University of Management and Technology

School of Business and Economics

Course Title: FINANCIAL RISK MANAGEMENT
Course Code: FN 480
Resource Person:
Department: Finance

SBE Vision

SBE envisions its success in the sustainable contribution that it will make to the industry, academia and research in public and private sector. SBE will lead by providing professionally competent and ethically conscious human resources engaged in the global and local context to foster socio-economic growth and sustainability for the society. SBE envisages having faculty with high research potential and a deep desire for cutting edge research including collaboration with national and international partners.

SBE Mission

Being a research-oriented and student-centric business school, we emphasize research publications in impact journals as well as state-of-the-art learning methodologies. We will prepare our students to become the future ethical business leaders and the guiding post for the society, while equipping them with the knowledge and skills required by world-class professionals. We will be the leading choice for organizations seeking highly talented human resource. SBE will foster internationalization with key stakeholders and actively work to exchange best practices with business schools across Pakistan through collaborations, workshops, conferences and other means.

Program Objectives

Critical Thinking and Decision Making; Effective Communication Skills; Ethics and Sustainability; Core Business Knowledge and Competence; Effective Teamwork and Leadership Skills; Global Perspective (Internationalization).

Course Objectives

The course focuses to develop a solid foundation in diagnosing, managing and mitigating the financial and non financial risks. The intent of the course is to equip students with the concepts to help them to get a strong base of understanding of risk identification, risk frequency, severity measure and way to mitigate the risk as risk profession of any financial or non financial entity. The course may also develop the technical and professional proficiency base of the students for qualifying FRM certification.

Learning Objectives

After studying this course, the participants should be able:

- What are the Risk components in the organization?
- How to diagnose and manage the risk?
- Evaluating the risks associated with different types of financial transactions.
- What is the investment process and how the risk is involved in this process?
- What do you mean by sustainable environment and how can we relate it with risk?.
- How the financial and non-financial risks involved in the banking organization?.
- Develop a relation between internationalization and global financial risk.
- What do you mean by ethical financial practices?.
- Remedial Measures for the risk.

Learning Outcomes

Student should develop the basic knowledge about the business and financial risks and it's management. He /She should also able to understand about economic/ regularity capital significance, interest rate structure etc.

Teaching Methodology (List methodologies used -example are given below)

Class discussions from prescribed readings,

Problem Solving

Applications of concepts using class activities/case study analysis wherever required

STUDENTS ARE REQUIRED TO READ AND UNDERSTAND ALL ITEMS OUTLINED IN THE PARTICIPANT HANDBOOK

Class Policy:-

- Be On Time
You need to be at class at the assigned time. After 10 minutes past the assigned time, you will be marked absent.
- Mobile Policy
TURN OFF YOUR MOBILE PHONE! It is unprofessional to be texting or otherwise.

- **Email Policy**
READ YOUR EMAILS! You are responsible if you miss a deadline because you did not read your email.
 Participants should regularly check their university emails accounts regularly and respond accordingly.
- **Class Attendance Policy**
 A minimum of 80% attendance is required for a participant to be eligible to sit in the final examination. Being sick and going to weddings are absences and will not be counted as present. You have the opportunity to use 6 absences out of 30 classes. Participants with less than 80% of attendance in a course will be given grade 'F' (Fail) and will not be allowed to take end term exams. International students who will be leaving for visa during semester should not use any days off except for visa trip. Otherwise they could reach short attendance.
- **Withdraw Policy**
 Students may withdraw from a course till the end of the 12th week of the semester. Consequently, grade W will be awarded to the student which shall have no impact on the calculation of the GPA of the student. A Student withdrawing after the 12th week shall be automatically awarded "F" grade which shall count in the GPA.
- **Moodle**
 UMT –LMS (Moodle) is an Open Source Course Management System (CMS), also known as a learning Management System (LMS). Participants should regularly visit the course website on MOODLE Course Management system, and fully benefit from its capabilities. If you are facing any problem using moodle, visit <http://oit.umt.edu.pk/moodle>. For further query send your queries to moodle@umt.edu.pk
- **Harassment Policy**
 Sexual or any other harassment is prohibited and is constituted as punishable offence. Sexual or any other harassment of any participant will not be tolerated. All actions categorized as sexual or any other harassment when done physically or verbally would also be considered as sexual harassment when done using electronic media such as computers, mobiles, internet, emails etc.
- **Use of Unfair Means/Honesty Policy**
 Any participant found using unfair means or assisting another participant during a class test/quiz, assignments or examination would be liable to disciplinary action.
- **Plagiarism Policy**
 All students are required to attach a "Turnitin" report on every assignment, big or small. Any student who attempts to bypass "Turnitin" will receive "F" grade which will count towards the CGPA. The participants submit the plagiarism report to the resource person with every assignment, report, project, thesis etc. If student attempts to cheat "Turnitin", he/she will

receive a second “F” that will count towards the CGPA. There are special rules on plagiarism for final reports etc. all outlined in your handbook.

- Communication of Results

The results of quizzes, midterms and assignments are communicated to the participants during the semester and answer books are returned to them. It is the responsibility of the course instructor to keep the participants informed about his/her progress during the semester. The course instructor will inform a participant at least one week before the final examination related to his or her performance in the course.

Course Outline

Course code-BN 480

Course title- Financial Risk Management

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| Program | BBA (H) |
| Credit Hours | 3 |
| Duration | 4 months |
| Prerequisites (If any) | The student should have the knowledge about Investment tools, Interest Rate Structure, Managerial Structure of banking and non-banking organization, understanding about financial Statement etc. |
| Resource Person Name and Email | TAHSEEN MOHSAN KHAN tahseen.khan@umt.edu.pk |
| Counseling Timing (Room# 3N9) | Will be displayed on room door and also convey to students in class |
| Contact no. | Can call during counseling hours 042-5212801-10 Ext-3348 |
| Web Links:- (Face book, Linked In, Google Groups, Other platforms) | |

Chairman/Director Programme signature.....Date.....

Dean's signature.....Date.....

Grade Evaluation Criteria

Following is the criteria for the distribution of marks to evaluate final grade in a semester.

| Marks Evaluation | Marks in percentage |
|-------------------------|----------------------------|
| Quizzes | 10% |
| Assignments | 15% |
| Mid Term | 25% |
| Term Project/Case Study | 10% |
| Class Activity | 10% |
| Final exam | 30% |
| Total | 100% |

Recommended Text Books:

Financial Institution Management-A Risk Management Approach by Anthony Saunder and Marcia Millon Cornet

Reference Books:

Risk Management and Financial Institutions by John C. Hull

| No | Topics to be covered in the course | Learning Objective of this topic | Expected Outcomes from Students | Teaching Method | Assessment Criteria | Deadlines and Homework |
|----|---|---|--|--|---|------------------------------------|
| 1 | Introduction to risk, major and sub categories of risk | Develop the understanding about risk and uncertainly. Difference between business and financial risk. | Student should know about the risk categories. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and Quizzes | Will be announced when task assign |
| 2 | Introduction to risk, major and sub categories of risk | Develop the understanding about major types of financial risk. | Student should know about different types of financial risks. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
| 3 | Introduction to risk, major and sub categories of risk | Develop the understanding about sub types of financial risk. | Student should know about sub type of different financial risks. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
| 4 | Introduction to risk, major and sub categories of risk | Develop the understanding about sub types of financial risk. | Student should know about sub type of different financial risks. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
| 5 | Risks of Financial Intermediation | Develop the understanding about different types of risk faced by financial institutions. | Student should know about different of risk faced by financial institutions that include on-balance and off-balance risks. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
| 6 | Effect of Adverse Movement of Interest Rate and Exchange Rate | Develop the understanding about effect of interest rate and exchange rate movement. | Student should know about effect of interest and exchange rate movement on financial transaction. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |

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| 7 | Effect of Adverse Movement of Interest Rate and Exchange Rate | Develop the understanding about effect of interest rate and exchange rate movement by measuring interest rate effect. | Student should know about the way interest rate movement can measure as a apart of financial transaction. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
| 8 | Introduction to Repricing Model | Develop the understanding about repricing structure based on rate-sensitive assets and liabilities. | Student should know about concept of repricing structure and the way match the rate-sensitive assets and liabilities. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
| 9 | Extreme Market Movements | Develop the understanding about the global extreme movements from 1920 today. | Student should understand about the significance of volatility of financial markets that raise the need for financial risk management | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
| 10 | Regulatory Capital and its Functions | Develop the understanding about international and local regulatory capital requirement. | Student should understand about the minimum capital requirement and CAR. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
| 11 | Sustainable capital and financial risk management. | Develop the understanding about sustainable capital/ economic capital and financial risk management. | Student should understand about the significance of sustainable capital and financial risk management process. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
| 12 | Significance of ethical practices and risk evaluation process | Develop the understanding about the significance of ethical practices as a part of risk evaluation. | Student should understand about the significance of ethical practices and risk cost trade off. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
| 13 | History of Basel Capital Framework | Develop the understanding about history and Basel capital frame work. | Student should understand about the minimum capital requirement, Basel I, II, III and CAR | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
| 14 | History of Basel Capital Framework | Develop the understanding about Basel I , II, III framework for liquidity risk measurement, standards and monitoring. | Student should understand about the Basel I, II, III risk measuring standards | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |

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| 15 | Supervisory framework | Develop the understanding about on-site assessment and off-site supervision | Student should understand about the supervisory assessment and supervision scope. | Explaining with the use of PPT's, through class discussions and practical activities supported by local & International case studies wherever required | Evaluation based on Assignments, Class Participation, Activities and, Quizzes | Will be announced when task assign |
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