

UNIUNEA EUROPEANĂ



GUVERNUL ROMÂNIEI

Fondul Social European  
POSDRU 2007-2013Instrumente Structurate  
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UNIVERSITATEA DE VEST  
DIN TIMIȘOARA

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Proiect cofinanțat din Fondul Social European prin Programul Operațional Sectorial Dezvoltarea Resurselor Umane 2007- 2013

## COURSE SYLLABUS

### 1. Information about the programme

1.1 Institution of higher education	WEST UNIVERSITY OF TIMISOARA
1.2 Faculty / Department	FACULTY OF ECONOMICS AND BUSINESS ADMINISTRATION
1.3 Department of	FINANCE
1.4 Area of study	FINANCE
1.5 Level of studies	UNDERGRADUATE
1.6 Training / qualification	FINANCE AND BANKING

### 2. Discipline data

2.1 Course title	RISK MANAGEMENT TECHNIQUES FB1FB3106						
2.2 Course holder	Associate professor MURGEA Aurora PhD						
2.3 Seminar holder	Associate professor MURGEA Aurora PhD						
2.4 Year of study	3	2.5 Semester	1	2.6 Type of assessment	ex	2.7 Type of discipline	elective

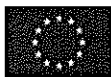
### 3. Total estimated time (hours of teaching per semester)

3.1 Number of hours per week	3	3.2 course	2	3.3 seminar	1
3.4 Total hours in the curriculum	42	3.5 course	28	3.6 seminar	14
<b>Distribution of time:</b>					<b>hours</b>
Study based on Instructions, course materials, bibliography and notes					12
Additional documentation library, specialized electronic platforms / field					9
Training seminars / laboratories, homework, essays, portfolios and essays					8
Tutoring					
Examinations					4
Other activities.....					
<b>3.7 Total hours of private study</b>	<b>33</b>				



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3.8 Total hours per semester	75
3.9 Number of credits	3

**4. Prerequisites (where applicable)**

4.1 of curriculum	<ul style="list-style-type: none"> <li>Microeconomics, Macroeconomics, Applied mathematics, Corporate finance, Direct Investments, Capital markets</li> </ul>
4.2 of skills	<ul style="list-style-type: none"> <li>Ability to understand financial concepts, to use logical reasoning and critical analysis</li> </ul>

**5. Conditions (where applicable)**

5.1 of the course	Attendance minimum 50%
5.2 to lead seminar / laboratory	Attendance minimum 70%

**6. Specific skills acquired**

Professional skills	<b>C4 Performing financial operations and transactions specific to public or private entities/organizations</b> <ul style="list-style-type: none"> <li>C4.1 Identification and description of financial operations and transactions</li> <li>C4.2 Explaining financial operations and transactions</li> </ul>
	<b>ABILITIES</b> <ul style="list-style-type: none"> <li>C4.3 To apply the knowledge, methods, techniques and instruments for performing financial operations and transactions;</li> <li>C4.4 To evaluate the quality of financial operations and transactions performed based on standard methods;</li> <li>C4.5 To simulate operations and/or financial transactions.</li> </ul>

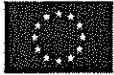
**7. Course objectives (based on the grid of the skills acquired)**

7.1. The overall objective of discipline	This elective course will allow students to incorporate risk management principles into the individual management style
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<p><b>7.2. The specific objectives</b></p>	<p>Upon successful completion of this course, the student will be able to:</p> <ul style="list-style-type: none"> <li>• Identify and discuss various types of risks.</li> <li>• Define risk as a consequence of uncertainty and within a continuum of decision-making roles.</li> <li>• Perform quantitative risk analysis using risk measurement techniques to assess the severity and consequences of a given risk as well as its overall threat.</li> <li>• Identify the most common risk management mistakes by considering how Utility Theory impacts attitudes toward risk.</li> <li>• Explain and use techniques to manage risk in a holistic, global, and integrated manner.</li> <li>• Use tools such as predictive analytics, modeling, and simulation to improve risk management.</li> </ul>
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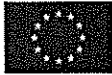
## 8. Contents

8.1 Course	Teaching methods	Comments
<p>The Nature of Risk: Losses and Opportunities</p>	<p>Debate</p>	<p><b>Week 1: 2 hours</b> This unit introduces the fundamentals of risk management, including the definition of risk and roles of risk in decision-making. You will also learn to distinguish between different classifications of risks and attitudes toward risk.</p>
<p>Quantification of Uncertainty via Probability Models</p>	<p>Debate</p>	<p><b>Week 2: 2 hours</b> The previous unit explained how risk arises as a consequence of uncertainty and proposed that risk and uncertainty are connected but distinct concepts. This unit will discuss methods of measuring uncertainty</p>
<p>Measures of Risk: Putting It Together</p>	<p>Debate</p>	<p><b>Week 3: 2 hours</b> In order to understand and use the concepts of risk, you need to be able to measure outcomes. All too often, assessments of risk are mere guesses, and the consequences can range from lost opportunities to death.</p>



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<b>Risk Attitudes and Expected Utility Theory</b>	Debate	<p><b>Week 4: 2 hours</b></p> <p>The previous unit introduced the most commonly used ways in which we measure risk and uncertainty. It is important to understand that these measures are usually misunderstood, misused and misapplied. Whenever we look into risks, risk measures, and risk management, we must always view these in a greater context. In this unit, we focus on the risk within the “satisfaction” value maximization for individual and firms. The value here is measured by economists by comparing levels of satisfaction an individual achieves when confronted with two or more choices.</p>
<b>Risk Management: Fundamental Tools</b>	Debate	<p><b>Week 5: 2 hours</b></p> <p>In the prior units, we discussed risks at length from a variety of angles. With this unit, we finally begin the discussion of risk management methods. The first step to understanding risk management is to learn the basics of the fundamental risk management processes. In a broad sense, these include the processes of identifying, assessing, measuring, and evaluating alternative ways to mitigate risks.</p>
<b>Projected Frequency and Severity and Cost-Benefit Analysis—Capital Budgeting</b>	Debate	<p><b>Week 6: 2 hours</b></p> <p>Here the analysis is deepened with basic tools for risk-based capital budgeting, including cost-benefit analysis as well as projected frequency and severity.</p>
<b>Risk Management Alternatives: The Risk Management Matrix</b>	Debate	<p><b>Week 7: 2 hours</b></p> <p>The risk management matrix is a tool frequently used by risk managers in order to identify appropriate management strategies for certain types of risks. Note that managers should try to avoid high-frequency, high-severity situations</p>
<b>Enterprise Risk Management within Firm Goals</b>	Debate	<p><b>Week 8: 2 hours</b></p> <p>This reading discusses the values of risk management with respect to the goals of a company.</p>
<b>Risk Management Using the Capital Markets I</b>	Debate	<p><b>Week 9: 2 hours</b></p> <p>The section includes a discussion on the causes of the 2008-2009 financial crisis. This reading discusses how ERM relates to a company’s balance sheet</p>



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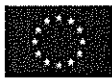
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<b>Risk Management Using the Capital Markets II</b>	Debate	<b>Week 10: 2 hours</b> Introduction to the basic risk management concepts for dealings in financial markets. This reading describes the evolution of financial markets and provides a case study of financial risk management at a bank. Topics include derivatives, forwards, futures, swaps and options, and insurance-linked securities
<b>Value-Protection Risk Management</b>	Debate	<b>Week 11: 2 hours</b> Here you will learn how to leverage value-driven ERM to align risk management with business strategies. In this lecture, leading risk managers describe strategies to balance value creation and value protection in ERM
<b>Risk Management: Advanced Tools. Risk modeling</b>	Debate	<b>Week 12: 2 hours</b> You will learn about the inadequate predictive models that deemphasize the importance of sound judgment. You will learn how to assign disproportionate significance to mathematical models and the accumulation of recent information
<b>Intersection between Talent and Risk</b>		<b>Week 13: 2 hours</b> This section addresses perspectives of both talent managers and risk managers as well as how to combine these approaches to increase enterprise value
<b>Oversight of Enterprise Risk Management</b>	Debate	<b>Week 14: 2 hours</b> This reading emphasizes the use of an integrated system of risk reports to prioritize and manage risks
<b>Bibliography:</b>		
<ol style="list-style-type: none"> <li>1. Baranoff, E., Brockett, P.L., Kahane, Y.(2009) Risk Management for Enterprises and Individuals, FlatWorld Knowledge</li> <li>2. Coleman, T.S.(2011)A practical guide to risk management, Research Foundation of CFA Institute</li> <li>3. Hopkin.P.(2012) Fundamentals of Risk management. Understanding, Evaluating and Implementing Effective Risk management, Kogan Page Unlimited</li> <li>4. Simkins,B (2010) Enterprise Risk management. Today's leading research and best practice for tomorrow's executive, Kogan Page Unlimited</li> </ol>		
<b>8.2. Seminar/lab</b>	<b>Teaching methods</b>	<b>Comments</b>
<b>Introduction in risks</b>	Debate	<b>Week 2: 2 hours</b> Students have to be able to: <ul style="list-style-type: none"> <li>▪ Explain the concept of risk.</li> <li>▪ Differentiate between risk and</li> </ul>



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		<p>uncertainty.</p> <ul style="list-style-type: none"> <li>▪ Define risk as a consequence of uncertainty and within a continuum of decision-making roles.</li> <li>▪ Describe the three major types of risk attitudes.</li> <li>▪ Discuss how attitudes toward risk affect decision-making.</li> </ul>
<b>Risk Measurement and Metrics</b>	Debate and practice exercises	<p><b>Week 4: 2 hours</b> Actuarial Science at Illinois State University: The Society of Actuaries and the Casualty Actuarial Society's "Practice Exercises for Course P Examination" (PDF). For this course, please answer questions 6, 14, 29, 32, 33, 36, 48, 53, 64, and 99.</p>
<b>Limitations of VaR and how these limitations are addressed in real time</b>	Debate	<p><b>Week 6: 2 hours</b> Discussion based on : Mehta,A., Neukirchen,M., Pfetsch,S., Poppensieker,T.(2012) Managing market risk today and tomorrow, McKinsey Working Paper on risk, no.32</p>
<b>Projected Frequency and Severity and Cost-Benefit Analysis—Capital Budgeting</b>	Debate and practice exercises	<p><b>Week 8: 2 hours</b> Murray State University: Dr. Larry Guin's "<a href="#">Capital Budgeting Techniques</a>" (HTML), "<a href="#">Managing Risk of the Cash Flow Estimates</a>" (HTML), and "<a href="#">The Hurdle Rate</a>" (HTML)</p>
<b>Risk Management Using the Capital Markets</b>	Case studies	<p><b>Week 10: 2 hours</b> Case study of financial risk management at a bank using derivatives</p>
<b>Risk modelling</b>	Debate	<p><b>Week 12: 2 hours</b> Discussion based on :Angius, S., Frati, C., Gerhen, A., Harle, P., Piccitto, M., Stegemann, V. (2010) Risk modelling in a new paradigm: developing new insight and foresight in structural risk, McKinsey Working Paper on risk, no.13</p>
<b>Oversight of Enterprise Risk Management</b>	Debate	<p><b>Week 14: 2 hours</b> Discussion based on :Brodeur, A., Buehler, K, Patsalos-Fox,M., Perglor,M.(2010) A broad perspective on enterprise risk management(2010) , McKinsey Working Paper on risk, no.18</p>



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- Helligtat,S., Schosser, A., Stegman, V. (2014) Enterprise risk management practices: where's the evidences? McKinsey Working Paper on risk, no.53
- Brodeur, A., Buehler, K, Patsalos-Fox,M., Perglor,M.(2010) A broad perspective on enterprise risk management(2010) , McKinsey Working Paper on risk, no.18

**9. Corroboration of the course contents with the epistemic expectations of the community representative, professional associations and representative employers of the programme itself.**

- Course structure is correlated with the one used in international universities
- Course provided abilities are compatible with the one requested by the employers in this field

**10. Evaluation**

Type of activity	10.1 Evaluation criteria	10.2 Evaluation methods	10.3 Percentage of the final mark
10.4 Course	Answers at the exam	Written exam	60%
10.5 Seminar	Participation at the debates Tests	Oral quiz and written tests	40%
10.6 Minimum performance standards			
<ul style="list-style-type: none"> <li>• To pass the exam the students are require to obtain at least mark 5 (five)</li> </ul>			

**Date of submission:** September 2014**Titular of the course:****Seminary titular:**

Assoc. Prof. MURGEA Aurora PhD

Assoc. Prof. MURGEA Aurora PhD

**Date of approval in department:** September 2014**Head of the Department:**

Assoc. Prof. MOLDOVAN Nicoleta PhD

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