



UNSW Course Outline

MFIN6205 Financial Risk Management for Financial Institutions - 2024

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General Course Information

Course Code : MFIN6205

Year : 2024

Term : Term 1

Teaching Period : T1

Is a multi-term course? : No

Faculty : UNSW Business School

Academic Unit : School of Banking and Finance

Delivery Mode : In Person

Delivery Format : Standard

Delivery Location : Kensington

Campus : Sydney

Study Level : Postgraduate

Units of Credit : 6

Useful Links

[Handbook Class Timetable](#)

Course Details & Outcomes

Course Description

This course is an advanced course in the management of financial service firms and the

development of risk management systems. The course looks to provide a balance between considering quantitative risks (such as market, credit and liquidity risks) as well as non-quantitative risks (such as governance and conduct) and examining tools to identify and respond to both types of risks. The course examines some key historic crises and events in the financial industry (both in Australia and overseas), and regulatory reforms designed to mitigate the chances of re-occurrence. The course identifies regulatory expectations of conduct from institutions and its staff, across all levels of seniority. In particular, the course focuses on governance models such as Senior Managers and Certification Regime (UK), Manager in Charge (HK) and the Banking Executive Accountability Regime (Australia).

Course Aims

This course aims to give an overview of the risks faced by financial institutions and how they can be managed. It prepares students to appreciate the background to the regulatory requirements, their development over time, and the current obligations for risk management in the banking/financial industry. It helps students to support the establishment and implementation of risk management frameworks in their working environments.

The course then builds on courses that provide an overview of financial markets and the role of financial institutions and is linked with other courses that deal with financial and non-financial risk management issues in more depth such as the courses on fixed interest and derivative management, as well as corporate governance related courses.

Relationship to Other Courses

This course aims to give an overview of the risks faced by financial institutions and how they can be managed. The course builds on courses that provide an overview of financial markets and the role of financial institutions and is linked with other courses that deal with financial management issues in more depth such as the courses on credit risk, market risk, fixed interest and derivative management. To some extent, the course on corporate governance is related to the firm-level implementation of risk management and its enforcement.

Course Learning Outcomes

Course Learning Outcomes	Program learning outcomes
CLO1 : Identify and articulate the key aspects of Basel (I, II, and III) framework.	<ul style="list-style-type: none"> • PLO1 : Business Knowledge • PLO5 : Responsible Business Practice • PLO6 : Global and Cultural Competence
CLO2 : Identify the shortcomings of the Basel frameworks and developments designed to address those.	<ul style="list-style-type: none"> • PLO1 : Business Knowledge • PLO2 : Problem Solving • PLO5 : Responsible Business Practice • PLO6 : Global and Cultural Competence
CLO3 : Demonstrate understanding of key risks applicable to financial institutions, including the conversion of risks into required capital buffers.	<ul style="list-style-type: none"> • PLO1 : Business Knowledge • PLO2 : Problem Solving • PLO3 : Business Communication • PLO4 : Teamwork • PLO5 : Responsible Business Practice • PLO6 : Global and Cultural Competence
CLO4 : Apply core risk management tools to a variety of risks faced by institutions.	<ul style="list-style-type: none"> • PLO1 : Business Knowledge • PLO2 : Problem Solving • PLO3 : Business Communication • PLO4 : Teamwork • PLO5 : Responsible Business Practice • PLO6 : Global and Cultural Competence
CLO5 : Articulate applicability of conduct risk in financial institutions, its drivers and mitigation techniques.	<ul style="list-style-type: none"> • PLO1 : Business Knowledge • PLO2 : Problem Solving • PLO3 : Business Communication • PLO4 : Teamwork • PLO5 : Responsible Business Practice • PLO6 : Global and Cultural Competence • PLO7 : Leadership Development

Course Learning Outcomes	Assessment Item
CLO1 : Identify and articulate the key aspects of Basel (I, II, and III) framework.	<ul style="list-style-type: none"> • QUIZ • Major Assignment • Final Exam
CLO2 : Identify the shortcomings of the Basel frameworks and developments designed to address those.	<ul style="list-style-type: none"> • QUIZ • Major Assignment • Final Exam
CLO3 : Demonstrate understanding of key risks applicable to financial institutions, including the conversion of risks into required capital buffers.	<ul style="list-style-type: none"> • QUIZ • Final Exam
CLO4 : Apply core risk management tools to a variety of risks faced by institutions.	<ul style="list-style-type: none"> • Final Exam
CLO5 : Articulate applicability of conduct risk in financial institutions, its drivers and mitigation techniques.	<ul style="list-style-type: none"> • Major Assignment

Learning and Teaching Technologies

Moodle - Learning Management System | Echo 360

Learning and Teaching in this course

This course will be taught with a combination of lectures, additional reading materials, class discussions and group work. It is expected that students will have a general interest in the area and will seek more specialised skills to apply the knowledge. The textbook provides a useful background to the topics and will be explored and discussed in class. A group assignment will allow for the application of the concepts learned in class to practice.

Assessments

Assessment Structure

Assessment Item	Weight	Relevant Dates	Program learning outcomes
QUIZ Assessment Format: Individual	10%	Start Date: Week 6 Due Date: Week 6	<ul style="list-style-type: none">PLO1 : Business KnowledgePLO2 : Problem Solving
Major Assignment Assessment Format: Group	30%	Start Date: Week 10 Due Date: Week 10	<ul style="list-style-type: none">PLO1 : Business KnowledgePLO2 : Problem SolvingPLO3 : Business CommunicationPLO6 : Global and Cultural CompetencePLO7 : Leadership Development
Final Exam Assessment Format: Individual	60%	Start Date: Exam period Due Date: Exam period	<ul style="list-style-type: none">PLO1 : Business KnowledgePLO2 : Problem SolvingPLO3 : Business CommunicationPLO5 : Responsible Business Practice

Assessment Details

QUIZ

Assessment Overview

The individual quiz assesses students' understanding of the material covered in the first 6 weeks, including key concepts of the Basel framework, regulators and their approach, credit risk, securitisation, trading and market risks.

Assesses: PLO1, PLO2

Course Learning Outcomes

- CLO1 : Identify and articulate the key aspects of Basel (I, II, and III) framework.
- CLO2 : Identify the shortcomings of the Basel frameworks and developments designed to address those.
- CLO3 : Demonstrate understanding of key risks applicable to financial institutions, including the conversion of risks into required capital buffers.

Detailed Assessment Description

In class multiple choice during Week 6

Assessment Length

15 minutes

Submission notes

Multiple Choice

Assignment submission Turnitin type

This is not a Turnitin assignment

Major Assignment

Assessment Overview

The Major Assignment (group) practically assesses how a team of students integrates as a group the core knowledge and skills of the course by analysing a public issue of interest with a risk management angle, and assessing the appropriate response to it.

Assesses: PLO1, PLO2, PLO3, PLO4, PLO5, PLO6

Course Learning Outcomes

- CLO1 : Identify and articulate the key aspects of Basel (I, II, and III) framework.
- CLO2 : Identify the shortcomings of the Basel frameworks and developments designed to address those.
- CLO5 : Articulate applicability of conduct risk in financial institutions, its drivers and mitigation techniques.

Detailed Assessment Description

Group assignment on a key risk management topic, due end of Week 10

Assessment Length

3,000 words

Assignment submission Turnitin type

This assignment is submitted through Turnitin and students can see Turnitin similarity reports.

Final Exam

Assessment Overview

The final examination assesses the student's individual understanding of the material across the entire course in greater detail, including calculation and non-calculation questions.

Assesses: PLO1, PLO2, PLO3, PLO5

Course Learning Outcomes

- CLO1 : Identify and articulate the key aspects of Basel (I, II, and III) framework.
- CLO2 : Identify the shortcomings of the Basel frameworks and developments designed to address those.
- CLO3 : Demonstrate understanding of key risks applicable to financial institutions, including the conversion of risks into required capital buffers.
- CLO4 : Apply core risk management tools to a variety of risks faced by institutions.

Detailed Assessment Description

Final exam during the exam period.

Assessment Length

2 hours

Assignment submission Turnitin type

This is not a Turnitin assignment

General Assessment Information

As a student at UNSW you are expected to display [academic integrity](#) in your work and interactions. Where a student breaches the [UNSW Student Code](#) with respect to academic integrity, the University may take disciplinary action under the Student Misconduct Procedure. To assure academic integrity, you may be required to demonstrate reasoning, research and the process of constructing work submitted for assessment.

To assist you in understanding what academic integrity means, and how to ensure that you do comply with the UNSW Student Code, it is strongly recommended that you complete the [Working with Academic Integrity](#) module before submitting your first assessment task. It is a free, online self-paced Moodle module that should take about one hour to complete.

Grading Basis

Standard

Requirements to pass course

In order to pass this course students must:

- Achieve a composite mark of at least 50 out of 100
- Engage actively in course learning activities and attempt all assessment requirements
- Meet any additional requirements specified in the assessment details
- Meet the specified attendance requirements of the course (see Schedule section)

Course Schedule

Teaching Week/Module	Activity Type	Content
Week 2 : 19 February - 25 February	Lecture	<ul style="list-style-type: none"> • Introduction • Important Course Information • Risk Management Framework • Role of Banks in Society • Background to Bank Regulation • Outline of Key Risks
Week 3 : 26 February - 3 March	Lecture	<p>Basel Framework:</p> <ul style="list-style-type: none"> • History of Basel • Basel I • Basel II • Basel III • Current reforms
Week 4 : 4 March - 10 March	Lecture	<p>Credit Risk</p> <ul style="list-style-type: none"> - What is Credit Risk - Calculating Capital - Issues in consistency across industry
Week 5 : 11 March - 17 March	Lecture	<p>Securitisation</p> <ul style="list-style-type: none"> - Role of securitisation - Structuring a transaction
Week 6 : 18 March - 24 March	Lecture	<ul style="list-style-type: none"> - Trading in Financial markets - Managing Trading Risk
Week 7 : 25 March - 31 March	Lecture	<p>Capital for Market Risk</p> <ul style="list-style-type: none"> • Value at Risk (VaR) • Expected Shortfall (ES) • Fundamental Review of the Trading Book
	Assessment	In class quiz
Week 8 : 1 April - 7 April	Lecture	<ul style="list-style-type: none"> • Interest rate risk in the banking book • Liquidity Risk
Week 9 : 8 April - 14 April	Lecture	<p>Operational Risk</p> <ul style="list-style-type: none"> - Types of Risks - Operational Risk Framework - Capital for Operational Risk
Week 10 : 15 April - 21 April	Lecture	<p>Conduct Risk & Governance</p> <ul style="list-style-type: none"> • LIBOR, FX, BBSW, Competition Law, Wells Fargo • Banking Royal Commission • Governance models (SMR, MIC, BEAR, FAR)
Week 11 : 22 April - 28 April	Lecture	Review Exam preparation
	Assessment	Group project due

Attendance Requirements

Students are strongly encouraged to attend all classes and review lecture recordings.

General Schedule Information

Evening classes (6-9pm), recorded

Course Resources

Prescribed Resources

Course Text (Not Compulsory):

- "Risk Management and Financial Institutions" By John C. Hull, Wiley Finance, 5th ED

Lecture Notes:

The lecture notes and important announcements will be available on the course website.

Students are strongly advised to log into the subject web page at least once a week. Practice problems with solutions will also be made available on the course website. The assessments for this course are primarily based on the lecture notes and practice problems, but the textbook is very useful for context and background.

Important information: my lectures and course materials, including slides, tests, practice problems, are protected by copyright. I am the exclusive owner of copyright in those materials I create. You may take notes and make copies of course materials for your own use. You may not and may not allow others to reproduce or distribute lecture notes and course materials publicly whether or not a fee is charged without my express written consent.

Course Evaluation and Development

Feedback is regularly sought from students and continual improvements are made based on this feedback. At the end of this course, you will be asked to complete the myExperience survey, which provides a key source of student evaluative feedback. Your input into this quality enhancement process is extremely valuable in assisting us to meet the needs of our students and provide an effective and enriching learning experience. The results of all surveys are carefully considered and do lead to action towards enhancing educational quality.

Staff Details

Position	Name	Email	Location	Phone	Availability	Equitable Learning Services Contact	Primary Contact
Convenor	Anatoly Kirievsky		Kensington		by appointment	No	Yes

Other Useful Information

Academic Information

COURSE POLICIES AND SUPPORT

The Business School expects that you are familiar with the contents of this course outline and the UNSW and Business School learning expectations, rules, policies and support services as listed below:

- Program Learning Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Protocol for Viewing Final Exam Scripts
- Student Learning Support Services

Further information is provided on the [key policies and support page](#).

Students may not circulate or post online any course materials such as handouts, exams, syllabi or similar resources from their courses without the written permission of their instructor.

STUDENT LEARNING OUTCOMES

The Course Learning Outcomes (CLOs) – under the Outcomes tab – are what you should be able to demonstrate by the end of this course, if you participate fully in learning activities and successfully complete the assessment items.

CLOs also contribute to your achievement of the Program Learning Outcomes (PLOs), which are developed across the duration of a program. PLOs are, in turn, directly linked to [UNSW graduate capabilities](#). More information on Coursework PLOs is available on the [key policies and support page](#). For PG Research PLOs, including MPDBS, please refer to the [UNSW HDR Learning Outcomes](#).

Academic Honesty and Plagiarism

As a student at UNSW you are expected to display [academic integrity](#) in your work and interactions. Where a student breaches the [UNSW Student Code](#) with respect to academic integrity, the University may take disciplinary action under the Student Misconduct Procedure. To assure academic integrity, you may be required to demonstrate reasoning, research and the process of constructing work submitted for assessment.

To assist you in understanding what academic integrity means, and how to ensure that you do comply with the UNSW Student Code, it is strongly recommended that you complete the [Working with Academic Integrity](#) module before submitting your first assessment task. It is a free, online self-paced Moodle module that should take about one hour to complete.

Submission of Assessment Tasks

SPECIAL CONSIDERATION

You can apply for special consideration when illness or other circumstances beyond your control interfere with your performance in a specific assessment task or tasks, including online exams. Students studying remotely who have exams scheduled between 10pm and 7am local time, are also able to apply for special consideration to sit a supplementary exam at a time outside of these hours.

Special consideration is primarily intended to provide you with an extra opportunity to demonstrate the level of performance of which you are capable. To apply, and for further information, see Special Consideration on the UNSW [Current Students](#) page.

Special consideration applications will be assessed centrally by the Case Review Team, who will update the online application with the outcome and add any relevant comments. The change to the status of the application immediately sends an email to the student and to the assessor with the outcome of the application.

Please note the following:

1. Applications can only be made through Online Services in myUNSW (see the UNSW [Current Students](#) page). Applications will not be accepted by teaching staff. The lecturer-in-charge/course coordinator will be automatically notified when your application is processed.
2. Applying for special consideration does not automatically mean that you will be granted a

- supplementary exam or other concession.
3. If you experience illness or misadventure in the lead up to an exam or assessment, you must submit an application for special consideration, either prior to the examination taking place, or prior to the assessment submission deadline, except where illness or misadventure prevent you from doing so.
 4. If your circumstances stop you from applying before your exam or assessment due date, you must apply within 3 working days of the assessment or the period covered by your supporting documentation.
 5. Under the UNSW Fit To Sit/Submit rule, if you sit the exam/submit an assignment, you are declaring yourself well enough to do so and are cannot subsequently apply for special consideration.
 6. If you become unwell on the day of – or during – an exam, you must stop working on your exam, advise your course coordinator or tutor and provide a medical certificate dated within 24 hours of the exam, with your special consideration application. For online exams, you must contact your course coordinator or tutor immediately via email, Moodle or chat and advise them you are unwell and submit screenshots of your conversation along with your medical certificate and application.
 7. Special consideration requests do not allow the awarding of additional marks to students.

Further information on Business School policy and procedure can be found under “Special Consideration” on the [key policies and support](#) page.

LATE SUBMISSION PENALTIES

For assessments other than examinations, late submission will incur a penalty of 5% per day or part thereof (including weekends) from the due date and time. An assessment will not be accepted after 5 days (120 hours) of the original deadline unless special consideration has been approved. An assignment is considered late if the requested format, such as hard copy or electronic copy, has not been submitted on time or where the ‘wrong’ assignment has been submitted.

For assessments which account for 10% or less of the overall course grade, and where answers are immediately discussed or debriefed, the LIC may stipulate a different penalty. Details of such late penalties will be available on the course Moodle page.

FEEDBACK ON YOUR ASSESSMENT TASK PERFORMANCE

Feedback on student performance from formative and summative assessment tasks will be provided to students in a timely manner. Assessment tasks completed within the teaching period of a course, other than a final assessment, will be assessed and students provided with

feedback, with or without a provisional result, within 10 working days of submission, under normal circumstances. Feedback on continuous assessment tasks (e.g. laboratory and studio-based, workplace-based, weekly quizzes) will be provided prior to the midpoint of the course.

Faculty-specific Information

PROTOCOL FOR VIEWING FINAL EXAM SCRIPTS

UNSW students have the right to view their final exam scripts, subject to a small number of very specific exemptions. The UNSW Business School has set a [protocol](#) under which students may view their final exam script. Individual schools within the Faculty may also set up additional local processes for viewing final exam scripts, so it is important that you check with your School.

If you are completing courses from the following schools, please note the additional school-specific information:

- Students in the **School of Accounting, Auditing & Taxation** who wish to view their final examination script should also refer to [this page](#).
- Students in the **School of Banking & Finance** should also refer to [this page](#).
- Students in the **School of Information Systems & Technology Management** should also refer to [this page](#).

COURSE EVALUATION AND DEVELOPMENT

Feedback is regularly sought from students and continual improvements are made based on this feedback. At the end of this course, you will be asked to complete the [myExperience survey](#), which provides a key source of student evaluative feedback. Your input into this quality enhancement process is extremely valuable in assisting us to meet the needs of our students and provide an effective and enriching learning experience. The results of all surveys are carefully considered and do lead to action towards enhancing educational quality.

QUALITY ASSURANCE

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

TEACHING TIMES AND LOCATIONS

Please note that teaching times and locations are subject to change. Students are strongly advised to refer to the [Class Timetable website](#) for the most up-to-date teaching times and locations.