



SUBJECT DATASHEET

CREDIT AND OPERATIONAL RISK MANAGEMENT

BMEGT35M111

I. SUBJECT DESCRIPTION

1. SUBJECT DATA

Subject name

CREDIT AND OPERATIONAL RISK MANAGEMENT

ID (subject code)

BMEGT35M111

Type of subject

contact lessons

Course types and lessons

<i>Type</i>	<i>Lessons</i>
Lecture	4
Practice	0
Laboratory	0

Type of assessment

exam grade

Number of credits

5

Subject Coordinator

<i>Name</i>	<i>Position</i>	<i>Contact details</i>
Dr. András Bethlendi	associate professor	bethlendi.andras@gtk.bme.hu

Educational organisational unit for the subject

Department of Finance

Subject website

<https://edu.gtk.bme.hu>

Language of the subject

angol - ENG

Curricular role of the subject, recommended number of terms

Programme: **Finance MSc (in English) from 2019/20/Term 1 AUTUMN start**

Subject Role: **Compulsory**

Recommended semester: **3**

Programme: **Finance MSc (in English) from 2019/20/Term 1 SPRING start**

Subject Role: **Compulsory**

Recommended semester: **3**

Direct prerequisites

Strong Foundations of Risk Management

Weak None

Parallel None

Exclusion None

Validity of the Subject Description

2. OBJECTIVES AND LEARNING OUTCOMES

Objectives

Business decisions are surrounded by uncertainty and all sorts of risks. Sustaining success in business and finance is only achievable by understanding the characteristics of major risks and by being prepared to handle them. This course focuses on two fundamental risk types: credit risk and operational risk (oprisk). These risk types are among the most essential risks endangering financial services sectors, therefore they receive strategic focus from top man-agements. In fact, all undertakings and individuals are strongly exposed to credit and operational risks. The major objective of the course is to provide fundamental information, building on theoretical knowledge and practical insights, maintaining both an appropriate holistic view and a detailed level analyses on the most relevant real word cases. Regarding credit risk, the course covers modeling basics, credit risk management aspects, further specific topics (counterparty risks, securitization, experts models), mostly in banking risk management context but also including major corporate risk management considerations. Related to oprisk, the course presents the basic framework applied at banks and insurance companies, also addressing some other very current related topics, like risk of financial crime, cyber risk, business continuity planning. These themes will be embedded into fundamental information on banks' general risk management, and highlights on statistics and R programming. The program of the course is designed with the aim, that the audience will develop awareness and interest in credit risk and oprisk management, will have adequate fundamental professional information, will be equipped to solve basic related tasks (modeling, policy writing, programming, research creation) and will be capable to further develop professionally.

Academic results

Knowledge

1. the characteristics of credit risk and oprisk;
2. basic methods of risk management;
3. risk measurement methods;
4. risk managing and mitigation techniques.

Skills

1. plan and organize independent learning,
2. comprehend and use the professional literature of the topic,
3. identify and measure the risks on a basic level related to credit risk and oprisk,
4. provide relevant information to support decision-making.

Attitude

1. is aware of the potential surrounding credit and operational risks and interested in risk management,
2. collaborates with their instructors and others during the learning process,
3. gains knowledge and information,
4. uses the possibilities offered by IT tools.

Independence and responsibility

1. is open to accept constructive criticism,
2. collaborates with others to solve problems during the learning process,
3. could make prudent financial decision,
4. understands the importance and weight of responsibility and can assess the consequences of decisions.

Teaching methodology

Lectures, written and oral communication, use of IT tools and techniques, optional tasks alone and in groups.

Materials supporting learning

- Kötelező - Obligatory
- A félév folyamán folyamatosan feltöltött előadás diák.
- Slideshows of the lectures which will be uploaded continuously during the semester.
- Ajánlott - Recommended:
- Hull, John C. (2018): Risk Management and Financial Institutions. Fifth Edition. John Wiley & Sons

II. SUBJECT REQUIREMENTS

TESTING AND ASSESSMENT OF LEARNING PERFORMANCE

General Rules

Assessment of the learning outcomes described under 2.2. is based on the end-term exam. The optional homework can affect the outcome.

Performance assessment methods

The audience could gain extra points with the optional homework

Percentage of performance assessments, conducted during the study period, within the rating

- Optional homework: achievable: 5 x 3 points (15)

Percentage of exam elements within the rating

Conditions for obtaining a signature, validity of the signature

Issuing grades

Excellent	> 86
Very good	> 86
Good	71–85
Satisfactory	61–70
Pass	50–60
Fail	<50

Retake and late completion

According to TVSZ.

Coursework required for the completion of the subject

participation on contact lessons	56
optional home work	10
preparing for the exam	84
Total	150

Approval and validity of subject requirements

III. COURSE CURRICULUM

THEMATIC UNITS AND FURTHER DETAILS

Topics covered during the term

Subject includes the topics detailed in the course syllabus to ensure learning outcomes listed under 2.2. can be achieved. Timing of the topics will be arranged by the calendar or other circumstances in each semester.

Additional lecturers

Szalai Péter

Approval and validity of subject requirements