



SUBJECT DATASHEET

Financial and Operational Risk Management

BMEGT35M907

I. SUBJECT DESCRIPTION

1. SUBJECT DATA

Subject name

Financial and Operational Risk Management

ID (subject code)

BMEGT35M907

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. Bethlendi András	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 - english

Curricular role of the subject, recommended number of terms

Programme: **Studies for guest students**

Subject Role: **Elective**

Recommended semester: **0**

Direct prerequisites

Strong None

Weak None

Parallel None

Exclusion None

Validity of the Subject Description

2. OBJECTIVES AND LEARNING OUTCOMES

Objectives

Business decisions are based on significant business uncertainty and risk. The aim of teaching the subject is that students get to know the basic concept of risk management. What types of risks do companies and financial institutions face. Risk management, and more broadly, how responsible corporate governance can effectively manage these, thereby increasing the value of the organization. Students will get an idea of the basic methods and best practices of risk management, with emphasis on value at risk; expected shortfall; stress test and scenario analysis. Market risks are presented through option and bond pricing models (what risks these financial instruments are sensitive to). We describe the credit risk and its two components: expected and unexpected loss. We also cover operational and sovereign risks.

Academic results

Knowledge

1. the different types of risk
2. basic risk management methods
3. modern corporate governance systems, in which the risk management function also plays a role
4. risk mitigation techniques

Skills

1. plan and organize independent learning
2. comprehend and use the professional literature of the topic
3. to identify and measure corporate / banking risk
4. perform calculations to support decision making

Attitude

1. is open to learn about and adapt innovations in finance
2. collaborates with their instructors and peers during the learning process
3. gains knowledge and information
4. makes use of ICT tools

Independence and responsibility

1. is open to accept reliable critical remarks
2. collaborates with other students in performing assignments during the learning process
3. is capable of making informed judgements in the financial (risk) decision-making
4. can weigh the significance of their responsibilities and foresee the consequences of their decisions

Teaching methodology

Lectures, verbal and written communication, use of ICT tools and techniques, optionally independent and group assignments.

Materials supporting learning

- Az előadások prezentációinak anyaga, ami a félév során folyamatosan fog feltöltésre kerülni. / Lecture slides which will be uploaded continuously during the semester.
- Az aktuális irodalmi lista az első órán kerül ismertetésre. / The actual bibliography will be presented in the first hour.

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

A. Detailed description of mid-term performance assessments The audience could gain extra points with the optional homework.

Presence

on at least 70% of the lectures is required to being allowed to take the exam. B. Detailed description of examination performance

assessments There will be a written exam in the examination period. The part of the curriculum on which the assessment is based is determined by the lecturer of the subject. The time available for the exam will be announced during the semester.

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

Percentage of exam elements within the rating

- Exam in the exam period: 100

Conditions for obtaining a signature, validity of the signature

Attendance at lectures is a condition for obtaining a signature. The condition for writing the exam is to obtain a signature. The obtained signature is valid for the period according to the TVSZ.

Issuing grades

Excellent	91
Very good	86-90
Good	71-85
Satisfactory	61-70
Pass	51-60
Fail	50

Retake and late completion

Grade improvement and retakes by TVSZ.

Coursework required for the completion of the subject

participation	56
preparing for the exam	94
total	150

Approval and validity of subject requirements

Consulted with the Faculty Student Representative Committee, approved by the Vice Dean for Education, valid from: 04.03.2024.

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.

- 1 Risk management systems, basic types of risk, value-creating risk management
- 2 Role of risk management in corporate governance, risk management errors, regulations
- 3 Methods of risk measurement: VaR (Value-at-Risk), Conditional VaR, Expected Shortfall
- 4 Market risk management
- 5 Fundamentals of portfolio theory, risk-adjusted performance measurement
- 6 Derivative VaR
- 7 Experiences of individual and systemic financial disasters
- 8 Credit risk management
- 9 Risk-based regulatory capital requirement
- 10 Liquidity risk management
- 11 Operational risk management
- 12 Country risk management
- 13 Insurance risks
- 14 Risk analysis (scenarios and stress tests)
- 15 Data quality and risk reports

Additional lecturers

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