

Number of ECTS credits : 4
Course language : English
Course leader : MEZERET THIERRY

≡ COURSE DESCRIPTION

The numerous financial losses reported on a regular basis by financial institutions have convinced these financial institutions and their regulators that proper risk management needs to be put in place to try and keep risks contained, not only on the pure financial front but also on the entire enterprise level.

However, major financial calamities can still take place, either due to unforeseen and catastrophic events (e.g. September 11 attacks) or a blatant disregard for ethics and the common good, fuelled by individual greed (e.g. development and then collapse of subprime loans, leading to the Global financial crisis of 2008).

Besides risk management, financial institutions have thus had to implement other measures, namely robust compliance processes and a **strong governance framework** to essentially dictate what is acceptable to do and what is not.

This has given birth to the concept of Enterprise Risk Management.

This study unit will explore how corporate governance is best set up, how Enterprise Risk Management and Compliance operate, and how the three are linked to and integrated with each other.

≡ COURSE OBJECTIVES

By the end of this course, you should be able to:

- Appreciate how poor investors protection is hurtful.
- Understand the need for strong corporate governance, and the laws underpinning its development
- Understand the risk management process in a financial institution
- Appraise how risk management need a strong internal governance
- Understand the enterprise risk management and the various risks faced by the company
- Appreciate why compliance is needed and where it finds its place in the organisation
- Understand all the other components and committees required for a proper governance.
- Understand how and why the global financial crisis could originate and spread over to the real economy
- Understand the function of a dealing room, exploring how it is organised and how it interacts with the rest of the bank

≡ LEARNING OBJECTIVES

C4B learning goal	LG2 - Action			
C4B learning objective	LO6 - Communicate in a foreign language in a professional context			
Outcomes	Lev. 2 - Converse with any interlocutors in their field(s) of discipline			
Details	-			
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)
Through final exam and/or mid term test				

C4B learning goal	LG4 - CSR			
C4B learning objective	LO11 - Identify ethical issues and act on them from an ethical perspective			
Outcomes	Lev. 2 - Categorize the relevant stakeholders and explain their interests			
Details	-			
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)
Through final exam and/or mid term test				

≡ TACKLED CONCEPTS

- Governance
- Agency Problem
- Enron and Parmalat cases
- Risk committee, audit committee, remuneration committee
- Excessive pay
- External auditors
- Sarbannes Oxley Act, Dodd Frank Act
- Bradbury code of conduct
- Global Financial Crisis

≡ LEARNING METHODS

- 30 hours face to face
- Lectures

≡ ASSIGNMENTS

- 45 hours of personal work

Evaluation

- 30%: continuous assessment
- 70%: group presentation

≡ BIBLIOGRAPHY

- Lange, H. Saunders, A. Cornett, M. (2013) : Financial Institutions Management (2013 ed). Mc Graw Hill 3RD Edition

Additional textbooks

- Saunders, A Cornett, M (2013): Financial Institutions Management A risk approach (2013 ed). Mc Graw Hill 3RD Edition
- Mishkin, FS. and Eakins, SG. (2013) Financial Markets and Institutions, 8th edition, Pearson International Edition, Pearson Addison Wesley.
- Pilbeam, K. (2010) Finance and Financial Markets, 3rd edition, Palgrave Macmillan

≡ EVALUATION METHODS

Number of ECTS credits : 4
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≡ COURSE DESCRIPTION

Born out of the necessity for financial (and commercial/industrial) agents to protect themselves against the risks that financial market fluctuations expose them to, derivative products have become the most widely used risk management tools.

This course will provide an introduction to the functioning of the most widely used derivatives, and hands-on examples on how to use them.

≡ COURSE OBJECTIVES

- Being able to assess the risk on a market position (foreign exchange and interest rate)
- Understanding the concept of derivative product
- Construct simple hedges using Forward and futures
- Understanding the relationship between the roles of speculators, hedgers and arbitrageurs

≡ LEARNING OBJECTIVES

C4B learning goal	LG1 - Analysis				
C4B learning objective	LO1 - Make use of critical analysis/critical thinking skills				
Outcomes	Lev. 2 - Formulate a personal and well-informed opinion				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through final exam and/or mid term test					

C4B learning goal	LG1 - Analysis				
C4B learning objective	LO2 - Analyse complex situations				
Outcomes	Lev. 2 - Formulate hypotheses to understand a complex situation, in a structured way, by mobilizing disciplinary frameworks if necessary				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through final exam and/or mid term test					

C4B learning goal	LG2 - Action				
C4B learning objective	LO5 - Evaluate, prevent and manage short, medium and long-term risks				
Outcomes	Lev. 3 - Prioritize risk scenarios, decide a risk management plan and ensure the implementation of a risk management/prevention plan				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through final exam and/or mid term test					

≡ TACKLED CONCEPTS

- Interest rate parity
- Forward contracts and FX swaps
- Futures contracts
- Hedging
- Speculation
- Arbitrage
- Bonds and Zero coupon Bonds
- Duration and immunisation
- Yield curve

≡ LEARNING METHODS

- 30 hours face to face
- Lectures
- In class tutorials and practical exercises

≡ ASSIGNMENTS

- 30%: continuous assessment
- 70%: final exam

≡ BIBLIOGRAPHY

- Mishkin F.S., Eakins S.E., (2015), Financial Markets and Institutions, Pearson, 8th edition.
- John Hull: Options, Futures and Other Derivatives (5th edition or later)

≡ EVALUATION METHODS

≡ SESSIONS

1 FX market and Forward hedging 1

BRIEFING : 03h00

2 FX market and Forward hedging 2

BRIEFING : 03h00

3 Basis of Interest Rates instruments Pricing

BRIEFING : 03h00

4 Arbitrage principles

BRIEFING : 03h00

5 Yield Curve

BRIEFING : 03h00

6 Bonds and Zero coupon Bonds

BRIEFING : 03h00

7

Duration and immunisation

BRIEFING : 03h00

8

Futures 1 - Principles

BRIEFING : 03h00

9

Futures 2 - Commodities and shares

BRIEFING : 03h00

10

Futures 3 - Bonds portfolios

BRIEFING : 03h00

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≡ COURSE DESCRIPTION

This course is the logical continuation of DERIVATIVES Part 1', where forwards and futures were covered. Here we will introduce options and swaps, both from a pricing and usage perspective.

≡ COURSE OBJECTIVES

- have specialist knowledge of the different types of derivative instruments,
- be able to describe the strategies that can be implemented in derivative markets and understand their risk characteristics,
- have an in depth knowledge of the pricing of derivatives products.

≡ LEARNING OBJECTIVES

C4B learning goal	LG1 - Analysis				
C4B learning objective	LO1 - Make use of critical analysis/critical thinking skills				
Outcomes	Lev. 2 - Formulate a personal and well-informed opinion				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through final exam and/or mid term test					

C4B learning goal	LG5 - Cooperation				
C4B learning objective	LO15 - Act with flexibility, adaptability and intellectual curiosity				
Outcomes	Lev. 3 - Confront several points of view and incorporate external opinions				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through final exam and/or mid term test					

≡ TACKLED CONCEPTS

- - Options markets and strategies
 - Put-call parity
 - Binomial pricing
 - Mathematical foundations: Stochastic calculus and Monte-Carlo simulations
 - Black-Scholes-Merton model
 - Hedging and the Greeks
 - Modelling volatility
 - Real and exotic options
 - Swaps and swaptions

≡ **LEARNING METHODS**

- 30 hours face to face
- Group coursework
- Readings
- Practical exercises

≡ **ASSIGNMENTS**

- Readings, Exercises and Group coursework
- 30%: continuous assessment
- 70%: final exam

≡ **BIBLIOGRAPHY**

- John Hull: Options, Futures and Other Derivatives (5th edition or later)

≡ **EVALUATION METHODS**

Number of ECTS credits : 4
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≡ COURSE DESCRIPTION

This course will explore how a financial institution copes with the implementation of Basel III in terms of risk measurement. It will in particular focus on the requirements of Pillar 1, i.e. the modelling (identification and measurement) of Market risk, Credit risk and Operational risk.

≡ COURSE OBJECTIVES

After completing this course you will be able to:

- Measure the risk of market volatility,
- Understand and calculate Value at Risk
- Look at portfolio credit risk through measures such as PD, EDF, EAD, LGD,
- Model operational risk

≡ LEARNING OBJECTIVES

C4B learning goal	LG2 - Action				
C4B learning objective	LO4 - Make proposals, take initiatives				
Outcomes	Lev. 3 - Support and argue new proposals in a context where they were not envisaged				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through final exam and/or mid term test					

C4B learning goal	LG3 - Entrepreneurship and Innovation				
C4B learning objective	LO9 - Develop innovative solutions and test them				
Outcomes	Lev. 3 - Design an experimental protocol. Organize feedback to improve the process/product/service				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through final exam and/or mid term test					

C4B learning goal	LG4 - CSR				
C4B learning objective	LO12 - Take a decision from economic, social and environmental perspectives				
Outcomes	Lev. 2 - Quantify and prioritize the impact of one's activities on the ecosystem concerned				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through final exam and/or mid term test					

≡ TACKLED CONCEPTS

- Value at Risk (parametric VaR, historical VaR, Monte Carlo)
- PD, EDF, EAD, LGD
- Internal models (Standard, Foundation, Advanced)

≡ LEARNING METHODS

- 30 hours face to face
- Lectures
- In class tutorials and practical exercises

≡ ASSIGNMENTS

- 45 hours of personal work

Evaluation

- 30%: continuous assessment
- 70%: final exam

≡ BIBLIOGRAPHY

- Risk Management and Financial Institutions 3rd ed John Hull (Author), Christophe Godlewski (Author), Maxime Merli (Author)

≡ EVALUATION METHODS

Number of ECTS credits : 4
Course language : English
Course leader : MEZERET THIERRY

≡ COURSE DESCRIPTION

This course will take you from the assessment of a single credit (through the methodology deployed by rating agencies and the technics of credit scoring) to an approach where the probability of default (and therefore the risk) for an entire credit portfolio is calculated – paving the way to the of credit risk element of the course on “Risk Modelling”

≡ COURSE OBJECTIVES

After completing this course you will be able to:

- Understand the basis behind credit rating
- Compute credit scoring
- Understand the approach behind credit risk modelling using CreditMetrics.

≡ LEARNING OBJECTIVES

C4B learning goal	LG1 - Analysis				
C4B learning objective	LO1 - Make use of critical analysis/critical thinking skills				
Outcomes	Lev. 1 - Select and check information				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through final exam and/or mid term test					

C4B learning goal	LG2 - Action				
C4B learning objective	LO4 - Make proposals, take initiatives				
Outcomes	Lev. 2 - Construct unexpected proposals with high responsiveness				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through final exam and/or mid term test					

C4B learning goal	LG2 - Action				
C4B learning objective	LO5 - Evaluate, prevent and manage short, medium and long-term risks				
Outcomes	Lev. 2 - Determine the potential risks plus the degree of probability and time frame, work out various risk scenarios				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through final exam and/or mid term test					

≡ TACKLED CONCEPTS

- Rating
- Credit scoring
- Altman score
- Rating migration
- Probability of default
- CreditMetrics

≡ LEARNING METHODS

- 30 hours face to face
- Lectures
- In class tutorials and practical exercises

≡ ASSIGNMENTS

- 45 hours of personal work

EVALUATION

- 30%: continuous assessment
- 70%: final exam

≡ BIBLIOGRAPHY

- Risk Management and Financial Institutions 3rd ed John Hull (Author), Christophe Godlewski (Author), Maxime Merli (Author)

≡ EVALUATION METHODS

Number of ECTS credits : 4
Course language : English
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≡ COURSE DESCRIPTION

The 2008 Global Financial crisis and the 9/11 attacks both changed the world altogether, and financial regulation in particular. The former by tightening the rules dictating what products financial institutions can or cannot sell to their customers, the latter by enforcing increasingly stringent controls on money laundering and the financing of terrorism.

Besides the legal framework in which these regulations are devised, the course will explore the details of the measures taken and their impact on the functioning of FIs.

≡ COURSE OBJECTIVES

After completing this course you will be able to:

- understand the restriction on the sale of financial products to investors
- understand the notion (and some techniques of) money laundering so as to be able to control it

≡ LEARNING OBJECTIVES

C4B learning goal	LG2 - Action				
C4B learning objective	LO5 - Evaluate, prevent and manage short, medium and long-term risks				
Outcomes	Lev. 1 - Locate and state overall risks characterizing a situation				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through mid-term and final exams					

C4B learning goal	LG4 - CSR				
C4B learning objective	LO11 - Identify ethical issues and act on them from an ethical perspective				
Outcomes	Lev. 3 - Clarify one's own positioning on ethical issues, adapt decisions to these ethical and responsible aspects				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through mid-term and final exams					

C4B learning goal	LG4 - CSR				
C4B learning objective	LO12 - Take a decision from economic, social and environmental perspectives				
Outcomes	Lev. 2 - Quantify and prioritize the impact of one's activities on the ecosystem concerned				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through mid-term and final exams					

≡ TACKLED CONCEPTS

- MIFID II
- Integrity Policy
- Best Execution Policy
- Conflict of Interest
- Handling of customer complaints
- Code of Conduct for investments
- Fair Dealing
- Customer Profiling
- Market manipulation
- Insider Trading
- Chinese Wall
- Compliance
- protection of Whistleblowers
- AML et KYC (Anti Money Laundering et Know Your Customer)

≡ LEARNING METHODS

Test saisi par jean G

≡ ASSIGNMENTS

- 45 hours of personal work

EVALUATION

- 30%: continuous assessment
- 70%: final exam

≡ BIBLIOGRAPHY

Test saisi par JEAN G

≡ EVALUATION METHODS

Number of ECTS credits : 4

Course language : English

Course leader : MEZERET THIERRY

≡ COURSE DESCRIPTION

The Basel capital accords were developed over several years starting in the 1970's, mainly as a response to the Latin American debt crisis and serious disturbances in the international currency and banking markets.

The Basel accords' aim has been to improve bank stability through strong rules and supervision in the form of implementing minimum capital adequacy requirements for banks and other risk measurement and management techniques. They changed the way banks operate in terms of risk management functions and have become increasingly relevant over time, especially since the financial crisis of 2007-2008.

The purpose of this course is to analyse the Basel guidelines implications on banks, whilst also understanding how banks have had to adjust their Asset and Liability Management (ALM) to these ever-changing constraints.

≡ COURSE OBJECTIVES

- understand the Basel Agreements requirements on capital and liquidity for banks
- understand the issues of asset-liability management and the main mechanisms of its implementation
- learn how to measure and manage risks on and off-balance sheet with examples and case studies

≡ **LEARNING OBJECTIVES**

C4B learning goal	LG1 - Analysis				
C4B learning objective	LO1 - Make use of critical analysis/critical thinking skills				
Outcomes	Lev. 1 - Select and check information				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through mid-term and final exams					

C4B learning goal	LG2 - Action				
C4B learning objective	LO5 - Evaluate, prevent and manage short, medium and long-term risks				
Outcomes	Lev. 3 - Prioritize risk scenarios, decide a risk management plan and ensure the implementation of a risk management/prevention plan				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through mid-term and final exams					

C4B learning goal	LG3 - Entrepreneurship and Innovation				
C4B learning objective	LO9 - Develop innovative solutions and test them				
Outcomes	Lev. 2 - Think "out of the box" to imagine and submit new ideas. Arbitrate between innovative ideas				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through mid-term and final exams					

C4B learning goal	LG4 - CSR				
C4B learning objective	LO10 - Identify and understand stakeholder interests				
Outcomes	Lev. 3 - Design one's project including its stakeholder interests				
Details	-				
Non-acquired (< 50% of total score)	Developing (50% ≥ 60% of total score)	Acquired (60% ≥ 70% of total score)	Advanced (70% ≥ 80% of total score)	Expertise (80% ≥ 100% of total score)	
Through mid-term and final exams					

≡ TACKLED CONCEPTS

- Capital adequacy framework and capital requirement
- Risk Weighted Assets
- 3 pillars approach → market, credit and operational risk
- Standard, Foundation, advanced approach
- Common equity & Tiers 1 capital
- Counter cyclical buffer
- SIFI
- Net Stable funding ratios and Liquidity Coverage ratio

- Liquidity gap
- Net income gap
- Duration gap
- Internal funding cost
- RAROC

≡ LEARNING METHODS

- 30 face to face hours
- Lectures

≡ ASSIGNMENTS

1. EVALUATION

Mid term Exam : 30%

Final Exam : 70%

≡ BIBLIOGRAPHY

Global Bank Regulation: Principles and Policies - Heidi Mandanis Schooner, Michael W. Taylor
The handbook of ALM in banking: Andreas Bohn & Marije Elkenbracht Huizing

≡ EVALUATION METHODS