

**ABDULLAH GÜL UNIVERSITY  
SCHOOL OF LEADERSHIP AND MANAGEMENT  
DEPARTMENT OF BUSINESS ADMINISTRATION  
BUSINESS ADMINISTRATION UNDERGRADUATE PROGRAM  
COURSE DESCRIPTION AND SYLLABUS**

Course Title	Code	Semester	T+L Hours	Credit	ECTS
RISK MANAGEMENT	BA-323	FALL	3 + 0	3	5

<b>Prerequisite Courses</b>	NONE
-----------------------------	------

<b>Type</b>	Elective (Departmental)
<b>Language</b>	English
<b>Coordinator</b>	-
<b>Instructor</b>	-
<b>Adjunct</b>	-
<b>Aim</b>	Learning the fundamental theory and applications of risk management, techniques to measure risk and methods for assessing risk.
<b>Learning Outcomes</b>	<ul style="list-style-type: none"> <li>• Introducing the established financial risks, namely credit, market and liquidity risks.</li> <li>• Evaluating both traditional and modern techniques commonly used in risk measurement.</li> <li>• Determining the risk of financial assets by using VaR concept</li> <li>• Understanding the risk control including asset liability management, capital allocation and risk-based performance measurement.</li> <li>• Discussing the recent global financial crisis, the reasons behind it and its results.</li> </ul>
<b>Course Content</b>	<ul style="list-style-type: none"> <li>• Financial markets and instruments</li> <li>• Definition of risk and the rise of risk management</li> <li>• Types of risk</li> <li>• Market risk, its sources and types</li> <li>• Foreign exchange, interest rate risk and other types of market risks</li> <li>• Measuring market risk and Duration</li> <li>• Gap analysis and Volatility</li> <li>• Value-at-Risk (VaR)</li> <li>• Scenario analysis and stress testing</li> <li>• Credit Risk (Definition, Sources and Types)</li> <li>• Measuring credit risk and calculating risk exposure</li> <li>• External credit ratings and default probabilities</li> <li>• CAMEL rating model and Credit VaR</li> <li>• Credit derivatives and their role in the current financial turmoil</li> <li>• Liquidity Risk (Definition, Sources and Types)</li> <li>• Operational Risk (Definition, Sources and Types)</li> </ul>

- Risk Control
- Asset Liability Management
- Diversification and Hedging using derivatives
- Risk limits and Capital allocation
- Risk adjusted performance measurement

## WEEKLY TOPICS

Week	Topic	Preliminary Study
1	Financial markets and instruments Definition of risk and the rise of risk management	The relevant chapters from suggested readings
2	Types of risk	The relevant chapters from suggested readings
3	Market risk, its sources and types	The relevant chapters from suggested readings
4	Foreign exchange, interest rate risk and other types of market risks	The relevant chapters from suggested readings
5	LFW	The relevant chapters from suggested readings
6	Measuring market risk and Duration Gap analysis and Volatility	The relevant chapters from suggested readings
7	Value-at-Risk (VaR) Scenario analysis and stress testing	The relevant chapters from suggested readings
8	Mid Term Exam	
9	Fall Break	
10	Credit Risk (Definition, Sources and Types) Measuring credit risk and calculating risk exposure	The relevant chapters from suggested readings
11	External credit ratings and default probabilities CAMEL rating model and Credit VaR Credit derivatives and their role in the current financial turmoil	The relevant chapters from suggested readings
12	Liquidity Risk (Definition, Sources and Types)	The relevant chapters from suggested readings
13	Operational Risk (Definition, Sources and Types) Risk Control	The relevant chapters from suggested readings

14	Asset Liability Management Diversification and Hedging using derivatives	The relevant chapters from suggested readings
15	Risk limits and Capital allocation Risk adjusted performance measurement	The relevant chapters from suggested readings
16	Final Exam Week	

## SOURCES

<b>Lecture Notes</b>	Lecture notes on the board
<b>Other Sources</b>	<p>There is no specific textbook. Students should rely on the content provided during classes</p> <p><b>Additional Materials:</b></p> <ul style="list-style-type: none"> <li>• “Investments”, Bodie, Kane and Marcus.</li> <li>• “Risk Management in Banking”, J. Bessis, Wiley, 1998.</li> <li>• “Value-at-Risk”, P., Jorion, McGraw Hill, 2000.</li> <li>• “Options, Futures and Other Derivatives”, John C Hull, Prentice Hall Business Publishing, 2000.</li> <li>• “RiskMetrics™ Technical Document”, RiskMetrics, 1996. (www.riskmetrics.com)</li> <li>• “CreditMetrics™ Technical Document“, RiskMetrics, 1997. (www.riskmetrics.com) “</li> <li>• Black Swan”, Nassim Nicholas Taleb, Random House, 2007.</li> <li>• “Beyond Value at Risk”, K Dowd, Wiley, 1998.</li> </ul>

## COURSE MATERIALS SHARING

<b>Documents</b>	Lecture notes
<b>Homeworks</b>	
<b>Exams</b>	1 Midterm and 1 Final Exam

## EVALUATION SYSTEM

SEMESTER STUDY	NUMBER	CONTRIBUTION
Midterm	1	25
Attendance	14	10
Group Case Study	1	25
<b>SUB-TOTAL</b>		60
<b>Contribution of Semester Study</b>		60
<b>Contribution of Final Exam</b>	1	40
<b>TOTAL</b>		100

## Course Category

Mathematics and Statistics	60%
----------------------------	-----

**RELATIONSHIPS BETWEEN LEARNING OUTCOMES AND PROGRAM QUALIFICATIONS**

No	Program Qualifications	Contribution Level				
		1	2	3	4	5
1	To accumulate knowledge in functional areas, such as marketing, human resource management, operations, accounting and finance, and integrate and apply this knowledge to the overall mission and vision of the firm.					x
2	To apply critical and strategic thinking to analyze/solve business problems by utilizing information technology and research methods, by acquiring, interpreting, synthesizing data, and then use the results in decision making.				x	
3	To understand the impact of globalization on companies, people and national economics given their different legal, political, and economic systems.			x		
4	To understand the role of innovation in creating better products, services, or processes.	x				
5	Ability to demonstrate competency in professional written communications and formal oral presentations.	x				
6	To have leadership skills and use team building and collaborative skills to accomplish group tasks.	x				
7	To recognize legal and ethical problems in business, be aware of their potential consequences, and propose and defend alternate resolutions.			x		
8	To understand sustainability and corporate social responsibility within organizational contexts, decisions and business practices.	x				
9	To consistently act in a professional, respectful, honest, fair and reasonable manner and to apply ethical principles and logical reasoning to make and justify business decisions.				x	

**ECTS / WORK LOAD TABLE**

Activities	Number	Duration (Hours)	Total Work Load
Course Length (includes exam weeks: 16x total course hours)	16	3	48
Out-of-class Study Time (Pre-study, practice)	16	2	32
Internet search, library work, literature search	16	1	16
Group Study	1	24	24
Midterm	1	10	10
Final Exam	1	20	20
<b>Total Work Load</b>			150

<b>Total Work Load / 30</b>			150/30
<b>Course ECTS Credit</b>			5