

Subject Description Form

Subject Code	AF3317
Subject Title	Risk Management
Credit Value	3
Level	3
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	Pre-requisites: Business Finance (AF3313) and Introduction to Statistics for Business (AMA1501) or equivalent
Role and Purposes	This subject contributes to the achievement of the BBA Outcomes by enabling students to apply basic financial theories, analyze financial reports and understand the operation of financial markets, and giving students an insight into how a business can identify and measure its loss exposures and select appropriate tools for the management of that exposure (Outcome 7). It also requires students to demonstrate critical and creative thinking (Outcome 3), and work effectively with and through others (Outcomes 1 & 9). This subject is to prepare the students to establish the body of knowledge necessary for independent risk management analysis and decision-making.
Subject Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> a. <u>explain</u> the principles of risk management in relation to economics, corporate finance, investment, and corporate governance b. <u>evaluate</u> the role of risk management in business firms c. <u>apply</u> all tools to identify, measure and control risk exposures related to operation, financing and investment in a global market
Subject Synopsis/ Indicative Syllabus	<p>Introduction to Risk Definition of Risk. Various concepts of risk and uncertainty. Classifications of Risks</p> <p>Basic Concepts of Risk Management Definition of Risk Management. Importance of Risk Management. Risk management process. Crisis Management. Role of Risk Management.</p> <p>Risk Identification Risk identification. Identification of Risk Exposures. Risk Identification Methodologies. Risk Identification Tools.</p> <p>Risk Evaluation Elements of risk. Sources of Risk. Risk Identification Tools.</p> <p>Risk Control Reasons for Risk Control. Risk Control Tools.</p> <p>Applications of Risk Management Portfolio risk management. Subprime crisis and risk management. Case studies.</p>
Teaching/Learning Methodology	Lectures will be used to provide theoretical concepts. During seminar sessions, students will be required to apply the theory to solve risk management problems in the real world.

Assessment Methods in Alignment with Intended Learning Outcomes	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)				
			a	b	c		
	Continuous Assessment	50%					
	1. Attendance and Participation	10%	√	√	√		
	2. Individual essay	20%	√	√	√		
	3. Project presentation	20%		√	√		
	Final Examination	50%	√	√	√		
	Total	100 %					
To pass this subject, students are required to obtain Grade D or above in both the Continuous Assessment and Examination components.							
Student Study Effort Expected	Class contact:						
	▪ Lectures		26 Hrs.				
	▪ Seminars		13 Hrs.				
	Other student study effort:						
	▪ Revision		52 Hrs.				
	▪ Working on assignments / individual essay / presentation		20 Hrs.				
	Total student study effort		111 Hrs.				
Reading List and References	<p>Crouhy, M., D. Galai, and R. Mark, <i>The Essentials of Risk Management</i>, 2nd Edition, McGraw Hill, 2014.</p> <p>Jorion, P., <i>Value at Risk: The New Benchmark for Controlling Financial Risk</i>, 3rd Edition, McGraw Hill, 2007.</p> <p>Lam, J., <i>Enterprise Risk Management: From Incentives to Controls</i>, 2nd Edition, Wiley, 2014.</p> <p>Hull, J., <i>Risk Management and Financial Institutions</i>, 4th Edition, Wiley, 2015.</p> <p>Chance, D. and R. Brooks, <i>An Introduction to Derivatives & Risk Management</i>, 10th Edition, Cengage Learning, 2015.</p> <p>Marthinsen, J., <i>Risk Takers: Uses and Abuses of Financial Derivatives</i>, 2nd Edition, Pearson, 2008.</p>						