Risk 5001
Fundamentals of Risk and Risk Management

Course Outline
Semester 1, 2016

Part A: Course-Specific Information

Please consult Part B for key information on Business School policies (including those on plagiarism and special consideration), student responsibilities and student support services.
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PART A: COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS

Lecturer-in-charge: A/Prof. Ramaprasad Bhar
Room Business Building East Wing 659
Phone No: 9385 4930
Email: r.bhar@unsw.edu.au
Consultation Times – To be announced on course webpage (or by appointment)

2 COURSE DETAILS

2.1 Teaching Times and Locations

Lectures start in Week 1 (to Week 12): The Time and Location are:
Thursday 6PM – 9PM, TETB LG07

2.2 Units of Credit

The course is worth 6 units of credit.

2.3 Summary of Course

This course provides an introduction to risk management in institutions. It looks at why you need to manage risk, identification and management of risks, as well as current issues.

It covers the impetus behind enterprise risk management and the related corporate governance. It explains the relationship between corporate governance, internal control and risk management. It deals with different stages within the overall risk management process. It examines internal and external influences separately.

2.4 Course Aims and Relationship to Other Courses

The course aims to increase students’ understanding of:

• Why manage risks
• How to manage risks
• Identification of risks
• Current issues in risk management

This course is offered as part of the first year core in the MRM degree. It is also a prerequisite for the following courses in the MRM program: RISK5002/5003/5009.

The closely related course Risk5002 deals exclusively with the measurement and quantification of risk mainly used by financial institutions and regulators. In Risk5001, on the other hand, the focus is on the broad aspect of risk impacting an organisation.
The assignment in this course helps you develop and consolidate relevant computer programming skills prevalent in most financial organisations.

2.5 Student Learning Outcomes

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

- Understand and analyse the issues involved in the risk management of an enterprise. This refers to ERM Part I and II course schedule.
- Concisely put forward your views on organisational imperatives for the risk management process. This relates to the Risk Management Process Part I and II in the course schedule.
- Be able to apply the techniques learned to new situations encountered in the working of an institution. This relates to the topics on Micro Factors and Macro Factors affecting risk scenarios.

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all postgraduate coursework students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree. You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. 'participate collaboratively and responsibly in teams').

For more information on the Postgraduate Coursework Program Learning Goals and Outcomes, see Part B of the course outline.

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### Business Postgraduate Coursework Program Learning Goals and Outcomes

1. **Knowledge**: Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts.
   
   You should be able to identify and apply current knowledge of disciplinary or interdisciplinary theory and professional practice to business in local and global environments.

2. **Critical thinking and problem solving**: Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues.
   
   You should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions.

3. **Communication**: Our graduates will be effective communicators in professional contexts.
   
   You should be able to:
   
   a. Produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose, and
   b. Produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose.

4. **Teamwork**: Our graduates will be effective team participants.
   
   You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes.

5. **Ethical, social and environmental responsibility**: Our graduates will have a sound awareness of ethical, social, cultural and environmental implications of business issues and practice.
   
   You should be able to:
   
   a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and
b. Consider social and cultural implications of business and/or management practice.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed (they may also be developed in tutorials and other activities):

<table>
<thead>
<tr>
<th>Program Learning Goals and Outcomes</th>
<th>Course Learning Outcomes</th>
<th>Course Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>This course helps you to achieve the following learning goals for all Business postgraduate coursework students:</td>
<td>On successful completion of the course, you should be able to:</td>
<td>This learning outcome will be assessed in the following items:</td>
</tr>
</tbody>
</table>
| 1 Knowledge | Explain the assumptions of standard approaches to enterprise risk management. | • In class discussion  
• Individual Presentation  
• Final Exam |
| 2 Critical thinking and problem solving | Use the basic statistical approaches to Excel implementation of default risk measurement. | • Assignment  
• Individual Presentation  
• Final Exam |
| 3a Written communication | Construct written work which is logically and professionally presented. | • Assignment Report |
| 3b Oral communication | Communicate ideas in a succinct and clear manner. | • Part of individual presentation. |
| 4 Teamwork | Work collaboratively to complete a task. | • Not assessed specifically |
| 5a Ethical, social and environmental responsibility | Not specifically addressed in this course. | |
| 5b Social and cultural awareness | Not specifically addressed in this course. | |
3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

The learning experience will primarily involve through a combination of lectures, tutorials, interactive class discussion, case study presentation, and feedback through different assessments and comments on class discussions.

This course requires fair amount of self-reading the allocated topics and contribution to the class discussions. Each week the instructor may nominate students to take a lead role in the class discussions the following week.

While a formal instruction approach is adopted the course also requires students (in syndicates) to complete a case study. This may be an aspect of a self-learning approach which is expected to allow students the best opportunity to learn and retain the course material. It also equips students to be able to develop the necessary analytical and communication skills to assess new problems encountered.

3.2 Learning Activities and Teaching Strategies

- Students are expected to have a cursory read through the prescribed chapter(s) prior to class and identify issues/points they are uncertain of for discussion in the class.
- Students are expected to keep up to date on recent/current news as illustrations of cases of risk treatment (use of Google search is encouraged).
- Lectures consist of highlighting the main/difficult points that need to be understood, accompanied by discussing points where the class may be expected to contribute.
- Overall the teaching strategies are aimed at equipping students with a solid understanding of the main points, accompanied by discussion and feedback.

4 ASSESSMENT

4.1 Formal Requirements

ASSIGNMENT: 25%
INDIVIDUAL PRESENTATION: 15%
FINAL EXAM: 60%

The assignment may be done in a group of two or individually. The details will be available via course webpage. For individual presentations, a list of topics will be available also via the course webpage.

In order to pass this course, you must:
- achieve a composite mark of at least 50; and
- make a satisfactory attempt at all assessment tasks (see below).
4.2 Assessment Details

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Length</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Presentation</td>
<td>15%</td>
<td>About 15 minutes in class</td>
<td>See course webpage</td>
</tr>
<tr>
<td>Assignment</td>
<td>25%</td>
<td>Excel spreadsheet and no more than 2 pages of supporting documentation</td>
<td>Week 12</td>
</tr>
<tr>
<td>Final Exam</td>
<td>60%</td>
<td>2 hours</td>
<td>UNSW Exam Period</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3 Assessment Format

**Individual Presentation**

The presentations are intended to develop your skills in research and your ability to concisely and coherently present your ideas. The list of possible topics will be provided via the course web page. They are intended to be part of achieving LO3a, b.

Grading will take into account:

- Has the topic been adequately covered? (i.e. have you addressed the topic?)
- Thought given to how best to answer the topic (i.e. how can I best communicate with other students?)
- Flow of the answer (i.e. do the ideas flow properly?)
- Originality of ideas (i.e. has the student thought through the issues or just regurgitated the class discussion/notes/text book?)

Presentations must include PowerPoint slides and a copy made available to the Course Coordinator to put onto the Course website in the week following the presentation.

**Assignment**

There will be an assignment posted on the course web page at the beginning of the semester and this may be done in a group of two or individually. The LIC will help form groups if needed.

This assignment will require submission of the worked spreadsheet as well as a supporting document of no more than four pages.

Grading will take into account:
• Properly working spreadsheet with VBA module
• Flexibility in the code for future enhancements
• Compact and well designed code module
• Innovative user interface

They are intended to be part of achieving PLG 1, 2, 3a.

Assignment Topic:

Here is a very basic description of the assignment topic. The detailed information and supporting documents/data will be provided via the course web page.

The aim of the assignment is to develop an Excel based computational module to implement the default probability of listed firms. This will apply both Merton's model and the KMV model of Moody's.

Final Exam

The exams are intended to test your knowledge of the material covered as well as your ability to concisely express yourself. You will be expected to be able to apply material learned to different situations. The exams are intended to assist with the achievement of PLG 1 and PLG 2.

4.4 Assignment Submission Procedure

Special icon will be created on the course web page for assignment submission by the due date.

4.5 Late Submission

Late submission will not be accepted unless the requirements relating to “Special Consideration” apply.

Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

5 COURSE RESOURCES


Additional materials are provided on course website.
6 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered. In this course, we will seek your feedback through end of semester CATEI evaluations. As a result of this feedback from previous semesters, mathematical content has been minimised in this course.

Also, the feedback from session 2 2015, suggest:

- More confined content.
- Mark the importance of knowledge we should acquire
- Presentation could be done in groups in order to avoid long wait and dry presentations by some individuals.

We will endeavour to achieve the first two of the above objectives in the current session. The third one will depend upon the number of presenters in the session.
# COURSE SCHEDULE

Lectures start in Week 1 and finish in Week 12.

## LECTURE SCHEDULE

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1 29 February</td>
<td>Risk Analysis - Introduction Explanation of the Assignment</td>
<td>See Course Webpage</td>
</tr>
<tr>
<td>Week 2 7 March</td>
<td>Advanced practices in Excel/VBA Background to default Probability</td>
<td>See Course Webpage</td>
</tr>
<tr>
<td>Week 3 14 March</td>
<td>ERM Introduction Part I</td>
<td>Textbook Chs. 1, 3, 4, 5</td>
</tr>
<tr>
<td>Week 4 21 March</td>
<td>ERM Introduction Part II</td>
<td>Textbook Chs. 1, 3, 4, 5</td>
</tr>
</tbody>
</table>

Mid-semester break: Friday 25 March – Saturday 2 April inclusive

| Week 5 4 April     | Risk Management Process Part I | Textbook Chs. 8-14         |
| Week 6 11 April    | Risk Management Process Part II| Textbook Chs. 8-14         |
| Week 7 18 April    | Individual Presentation        |                            |
| Week 8 25 April    | Individual Presentation        |                            |
| Week 9 2 May       | Micro Factors Part I           | Textbook Chs. 15-20        |
| Week 10 9 May      | Micro Factors Part II          | Textbook Chs. 15-20        |
| Week 11 16 May     | Macro Factors Part; Contagion Risk | Textbook Chs. 21-26; Moodle |
| Week 12 23 May     | Revision; Addressing any assignment issues. |                        |
| Week 13 30 May     | NO LECTURES                    |                            |