FINN 6213 Risk Management and Financial Institutions
FALL 2018

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Office Hours: by appointment
Classroom: Center City 906, 5:30pm-8:15pm (T)

Course Description
This course focuses on the financial risk management and regulation of financial institutions, with its primary focus on market and credit risk management in commercial banks. This is not a pure quant course. To manage risk effectively, we need to understand economics and intuition driving business decisions and economic and regulatory environments banks live in. Overall, you should expect a mix of about 1/3 quant and 2/3 non-quant materials.

Course Objectives
- To develop an understanding of financial risk management and regulatory issues in bank supervision.
- Detailed analyses of major risks faced by banks and how to identify, measure, model, manage and mitigate them.

Required and Supplementary Readings
There are no required textbooks for this course. No textbook available covers the topics in this course in sufficient detail. Required and supplementary reading material will be provided as needed.

Statement on Academic Integrity
All students are required to read and abide by the Code of Student Academic Integrity. Violations of the Code of Student Academic Integrity, including plagiarism, will result in disciplinary action as provided in the Code. Definitions and examples of plagiarism are set forth in the Code. The Code is available from the Dean of Students Office or online at: http://www.legal.uncc.edu/policies/ps-105.html

Statement on Diversity
The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

Assignments, Exams, and Grading
There will be 2 graded assignments, 1 midterm exam, and a final exam. The graded assignments will be somewhat involved, and you are encouraged to work in groups of 2-4. The exams will be closed book, but you will be allowed to bring in a “cheat sheet”, filled with whatever formulas you wish. The final exam is comprehensive (covers whole semester) of the course material. The midterm exam lasts 90 minutes. Your final course
grade breakdown is as follows, 20% for each of the assignments, 20% for the midterm exam, and 40% for the final exam.

Both the midterm and the final exams will be administered in class. Please let me know beforehand if you will miss an exam. Alternative arrangements can only be made under very exceptional circumstances and are subject to my discretion.

**Important Dates**
First Day of Class: 8/21  
Student Recess: 10/8 and 10/9 (no class)  
1\textsuperscript{st} Assignment Due: 10/2  
Midterm: 10/16  
2\textsuperscript{nd} Assignment Due: 11/27  
Last Day of Class: 12/4  
Final Exam: TBD

**Course Outline**

**Part I. Overview**
1. Introduction  
2. The U.S. Banking System  
3. The U.S. Financial Regulatory Structure  
4. The Financial Crisis, Basel Regulatory Reform, and the Dodd-Frank Act

**Part II. Risks in Commercial Banks**
1. Overview  
2. Market Risk  
3. Credit Risk  
4. Other Risks

**Part III. Risk Management, Regulations, and Financial Innovations**
1. Capital Adequacy and Stress Testing Framework  
2. Liquidity Regulatory Framework  
3. Mandatory Clearing and Margin Requirements  
4. Innovation and Financial Disintermediation