


5.00 credits

30.0 h

Q2

Teacher(s)	Van Wynendaele Pascal ;
Language :	English
Place of the course	Namur
Main themes	This course focuses on interest rates and credit risk modelling with a particular emphasis on yield curve theories, Monte Carlo simulations and tree-based approaches. Regarding credit risk modelling we focus on ratings models, yield-spread models and credit scoring models.
Learning outcomes	<p>At the end of this learning unit, the student is able to :</p> <p>1 Gain a sound understanding of interest rates modelling (including the modelling of interest rates under uncertainty) and credit risk models.</p>
Evaluation methods	Classic 2-hour written exam consisting of a mix of multiple choice questions and open questions Course taught at UNamur (Namur)
Teaching methods	Ex Cathedra No group work.
Content	<p>The course focuses mainly on the business model of banks as well as the risk management process which is increasingly subject to regulatory constraints. The course deals more particularly with :</p> <ul style="list-style-type: none"> - The role of banks in the financial system and their business model - The impact of the ECB monetary policy on banks' operations - The major principles of risk management and the notion of risk - The failure of risk management systems during the financial crises of 2007 and 2011 - The evolution of banking regulation: from Basel 1 to Basel 4 and the prudential control framework put in place by the European authorities. - The management of credit risk (PD, LGD, EaD, M and RWA), market risk (Value at Risk and Expected Shortfall) and liquidity risk (LCR and NSFR)
Bibliography	Risk Management and Financial Institutions, 5th Edition, John Hull, 2018 (Wiley) Santomero & Babbel: Financial markets, instruments and institutions (McGraw-Hill). Johnson
Other infos	Objectives: Advanced course in the economics of finance from a risk management perspective aiming to discuss the notion of risk and the recent developments in banking regulation in a post financial crisis context.
Faculty or entity in charge	ECON

Programmes containing this learning unit (UE)				
Program title	Acronym	Credits	Prerequisite	Learning outcomes
Master [60] in Economics : General	ECON2M1	5		
Master [120] in Economics: General	ECON2M	5		