



Exchange programme Vrije Universiteit Amsterdam

Vrije Universiteit Amsterdam - Exchange programme Vrije Universiteit Amsterdam - 2024-2025

Exchange

Vrije Universiteit Amsterdam offers many English-taught courses in a variety of subjects, ranging from arts & culture and social sciences, neurosciences and computer science, to economics and business administration.

The International Office is responsible for course approval and course registration for exchange students. For details about course registration, requirements, credits, semesters and so on, please [visit the exchange programmes webpages](#).

Risk Management for Financial Institutions

Course Code	E_MFRM_RMFI
Credits	6
Period	P1
Course Level	300
Language Of Tuition	English
Faculty	School of Business and Economics
Course Coordinator	M.J. Hopman
Examiner	M.J. Hopman
Teaching Staff	
Teaching method(s)	Lecture, Study Group

Course Objective

This course offers a comprehensive introduction in Risk Management and insurance companies, as well as an introduction to financial instability, complexity and scenario thinking. This course is structured in 2 parts:

Part I: Insurance companies (Lectures 1-3):

1. The working of insurance and business model
2. Supervision and regulation
3. Different risk types such as Credit Risk, Market Risk and Operational Risk, Interest Rate Risk and Liquidity Risk
4. Quantitative methods and techniques to identify, measure and monitor the risk types
5. Strategic and integrated risk management

Part II: Instability, Complexity and Scenario Analysis (Lectures 4-6):

1. The concept of instability in financial markets
2. Scenario Thinking
3. Complexity Economics and financial systems

All parts and topics of the course are closely knitted to the learning goals of quantitative and qualitative skills, academic skills, bridging theory and practice. You will learn to think as a risk manager and will be challenged to have a holistic view.

By the end of the course students should be able to:

- Explain and analyse the working of insurance companies and their business models
- Outline and interpret regulation and the impact on financial institutions
- Explain, analyse, and evaluate different risk types
- Identify and apply different quantitative risk measure techniques
- Create and discuss a view on integrated risk management
- Being able to differentiate between quantifiable risks and fundamental uncertainty
- Understand the sources of fundamental uncertainty and the origin of complex systems
- Understand different quantitative and qualitative risk management techniques including scenario thinking and pre-mortem analysis.

Course Content

Lectures 1-3:

You will learn the fundamentals of insurance companies and the working of these institutions in the financial markets. What are the risks these institutions must deal with? How can you identify, monitor, and report the different risk types using quantitative risks? How are they aligned with each other and how can you manage these risks with all this knowledge? The course will also focus on how insurers manage their capital. How can you optimize your capital and is there a future for Insurance companies?

Lectures 4-6:

You will learn the fundamental drivers underlying the dynamics of financial markets and how this leads to periods of stability and instability. This includes the role of behavioural biases in the creation of financial instability. You will discuss different theories to deal with the risks in financial markets and how to apply a diversity of tools to cope with fundamental uncertainty. Specifically, you will focus on approaches related to scenario thinking and how to apply

them in practice.

Preparation: Read the literature required of the relevant week and possible other material on Canvas. Additionally, study the Audio PowerPoint presentation(s) before each lecture. They provide the content of the lecture (together with the literature). During the interactive lecture hours there will be a Q&A regarding the audio PowerPoint course and debate around specific topics. During the lecture no summary is given of the chapters or articles that you must read in preparation. This preparation is applicable for both parts of the programme.

Additional Information Teaching Methods

Interactive lectures and Tutorials.

Method of Assessment

Final written exam and assignment.

Entry Requirements

There is no formal entrance requirement for the Minor Risk.

Literature

Articles and papers will be announced on Canvas.

Additional Information Target Audience

The minor Risk is for students from all bachelor programmes (with some exceptions, see recommended background knowledge) who want to acquire familiarity with Risk Management and Financial Institutions.

Recommended background knowledge

Finance I, Accounting I and a basic course in quantitative methods and/or statistics is strongly recommended.