



# UNIVERSITY OF NICOSIA

## ΠΑΝΕΠΙΣΤΗΜΙΟ ΛΕΥΚΩΣΙΑΣ

### UNIVERSITY OF NICOSIA, CYPRUS

<b>Course Code</b> MBA-723	<b>Course Title</b> Financial Risk Management	<b>ECTS Credits</b> 7.5
<b>Department</b> School of Business	<b>Semester</b> Fall, Spring, Summer	<b>Prerequisites</b> MBA-612/MBA-622
<b>Type of Course</b> Elective	<b>Field</b> Finance	<b>Language of Instruction</b> English
<b>Level of Course</b> 2 <sup>nd</sup> Cycle	<b>Year of Study</b> 2 <sup>nd</sup>	<b>Lecturer</b> Dr Geoff Turner
<b>Mode of Delivery</b> Face-to-face	<b>Work Placement</b> N/A	<b>Co-requisites</b> None
<b>Recommended Optional Programme Components:</b> N/A		

#### Objectives of the Course

This course aims to develop a knowledge and understanding of financial risk, including the market risk resulting from economic conditions, liquidity risk, credit risk, operational risk and commodity risk. It provides an understanding of the various financial instruments available and how they may be used to counteract unwanted financial risk and to optimise the opportunities available to organisations that are prepared to take on various degrees of financial risk, either as defensive moves or in the implementation of dynamic strategies.

#### Learning Outcomes

After studying this course, students should be able to:

1. Demonstrate an understanding of the nature, importance and the need to control financial risk;
2. Acquire a working knowledge of the nature of the treasury function, including roles, responsibilities, organisation, performance measurement and relevant accounting guidelines;
3. Demonstrate an understanding of the nature and function of derivative financial instruments within an organisation's risk management structure;
4. Apply the principles of risk management instruments and strategies to interest rate, currency and commodity hedging; and
5. Communicate the results of their evaluation in an appropriate form to all interested parties.

## Course Content

**Introduction to financial risk management:** Understanding, in an organisational context, the term "Financial Risk Management" including an overview of financial markets and instruments, derivative products and performance measurement.

**The treasury organisation:** Understanding of the functions of a treasury department and design and develop an organisational structure, and performance measurement criteria, for the department that ensures effective accountability.

**Identifying major financial risks:** Understanding how financial, or accounting, ratios can help in assessing the financial position and financial performance of an organisation.

**Interest rate risk management:** Identify the types of interest rate risk management products and how to identify, quantify and manage interest rate risk.

**Foreign exchange risk management:** Identify the types of foreign exchange risk management products and how to identify, quantify and manage foreign exchange exposure risk.

**Credit risk management:** Identify the types of credit risk management products and how to identify, quantify and manage customer credit risk.

**Commodity risk management:** Identify the types of commodity risk management products and how to identify, quantify and manage commodity risk.

**Operational risk management:** Examine and understand the nature of operational risk and identify appropriate operational risk management products.

**Measuring and accounting for risk:** Determine how an organisation should account for the various forms of risk management products so that it complies with international accounting and financial reporting standards and establish a suitable governance framework over financial risk management.

**Global initiatives in financial risk management:** Understand the current issues in financial risk management from around the world and examine their relevance, or appropriateness, to the local environment.

## Learning Activities and Teaching Methods

Lectures, in-class exercises, case study analysis and discussion, and discussion of topical articles appearing in academic or professional journals or newspapers.

## Assessment Methods

Coursework (case study, management report or academic essay), Mid-semester test, Final examination.

### Required Textbook/Reading

Authors	Title	Publisher	Year	ISBN
Horcher K.A.	Essentials of financial risk management	John Wiley and Sons	2005	978-0-471-70616-8

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Authors	Title	Publisher	Year	ISBN
Shirreff D.	Dealing with financial risk	Bloomberg Press	2004	1-57660-162-5
Banks E.	The simple rules of risk: revisiting the art of financial risk management	John Wiley & Sons	2003	978-0-470-84774-9
Yusof Y.	Managing financial risk for multinational companies in South East Asia	Authorhouse	2007	978-1-434-33926-7

The *Financial Times* or the *Wall Street Journal* is recommended reading for this course. Other journal or newspaper articles may also provide articles relevant to the subject matter being discussed.