**Federal state educational budgetary institution of tertiary education**

**«Financial University under the Government of the Russian Federation»**

**(Financial University)**

**Department of World Economy and World Finance**

**Yarygina I.Z. Tsvirko S.E.**

 **International financial risk-management**

 (in English)

**SYLLABUS**

***Level of Study:*** *Master’s Degree*

***Field of Study:*** *38.04.01 «Economics»*

***Study Program:*** *"International Finance and Banks"*

**Мoscow 2019**

**Federal state educational budgetary institution of tertiary education**

**«Financial University under the Government of the Russian Federation»**

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**Department of World Economy and World Finance**

**AGREED APPROVED**

 Rector

PJSC AKB "Svyaz-Bank"

Deputy head of the internal control service

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 23.04.2019 25.04.2019

**Yarygina I.Z. Tsvirko S.E.**

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*Recommended by the Academic Council of the*

*Faculty of International Economic Relations and*

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**Yarygina I.Z., Tsvirko S.E. «International financial risk-management (in English)».**

Syllabus for the students of the field of study 38.04.01 «Economics» (level of study: master degree). – М.:Financial University, Department of World Economy and World Finance, 2019. – 36 p.

The subject «International financial risk-management (in English)» is a compulsory subject of the Master's program "International Finance and Banks", field of study 38.04.01 "Economics". The syllabus outlines the content of the subject, interdisciplinary connections of topics, topics of lectures and seminars, describes the content of students' self-study work and provides forms of control, as well as educational and methodological support.

*Educational edition*

**«International financial risk-management (in English)»**

**SYLLABUS**

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| --- | --- | --- |
|  | **Content** |  |

1. Name of a subject………………………………………………………… 4
2. Mapping of learning outcomes (list of competences), with the relevant indicators described and subject learning outcomes indicated ………………………. 4
3. Place of the subject in the curriculum…………………………… ……….... 6
4. Workload in credits and academic hours, with class work (lectures and seminars) and self-study indicated ……………………………………………………….7
5. Subject content (with the thematic components indicated).……………………………………………………………… …….. ..7
	1. Subject content ……………………………………………................... ..7
	2. Educational and thematicplan ………………………………………… 12
	3. Content of seminars ………………………………………………… 13
6. Teaching and methodological materials needed for the students self-study … 15
	1. Forms of self-study work …………………………………………………15

6.2. Methodological support for classroom and out-of-class independent work …………………………………………………………………………............17

1. Fund of assessment tools for intermediate attestation of students for the subject………………………………………………………………………… 18
2. Mandatory and optional reading list……………………………………… 28
3. The list of resources of the information and telecommunication Internet network required for mastering the subject …………………………………………... 31
4. Methodical instructions for students on mastering the subject………………...…………………………………………………….. 32
5. List of IT resources, incl. the list of software, information and reference systems ……………………………………………………….................................... 35
6. Description of the material and technical base necessary for the implementation of the educational process on the subject………………………………………36
7. **Name of a subject**

Name of a subject– «International financial risk-management (in English)».

1. **Mapping of learning outcomes (list of competences), with the relevant indicators described and subject learning outcomes indicated**

The course "International financial risk management" (in English) provides the formation of the following competencies:

|  |  |  |  |
| --- | --- | --- | --- |
| **Competence code** | **Competence** | **Competence development indicators** | **Learning outcomes (skills and knowledge) and indicators that show competence development**  |
| ДКН-2 | Ability to apply the experience of corporate financial strategies that integrate capital raising, cash flow modeling and payments to investors in the context of globalization | 1. Identifies appropriate corporate finance strategies that integrate capital raising.2. Performs cash flow modeling and forecast payments to investors in the global economy, taking into account the specifics of regulation of the country where banks and financial companies operate. | **knowledge of***:* basic concepts and categories of the subject "International financial risk- management"; forms and methods of developing strategies for conducting operations of international financial risk management; **skills**:toevaluate current business environment, the conjuncture of world and international markets; analyze and predict trends in the development of the world economy in general and the global and international financial markets;**knowledge of**: approaches to modeling cash flows,approaches to risk modeling in the global market;**skills:** to apply methods of quantitative and qualitative risk assessment in the implementation of international economic activity;**skills**: to develop risk management strategies based on international (COSO II ERM, FERMA, Basel II, III, Solvency I, II) and national risk management standards |
| ДКН-5 | Ability to make decisions in the field of managing the activities of banks and financial institutions and readiness to be responsible for their adoption | 1. Demonstrates skills in formulating conclusions and informed decisions based on a comprehensive assessment of the data obtained in order to manage the activities of international financial and credit institutions, as well as implementation of economic projects.2. Uses methods and analytical materials in order to substantiate a responsible approach to managerial decision-making in the field of international finance and banks. | **knowledge of**: theoretical aspects of risk management associated with international monetary and financial transactions;**skills**: to master methods of analyzing the external business environment using modern information technologies and a package of applied programs that increase the efficiency of analysis;**knowledge of**: methods and analytical materials for the study of various processes taking place in the global economy;**skills**: to use methods and analytical materials and, on their basis, make proposals regarding the development of regulatory documents, strategies for activities in the field of international finance and banks;**skills**: to conduct independent research and make proposals for improving the risk management of business entities in the field of international finance and banks, taking into account world experience;to develop options for management decisions and justification of their choice based on the criteria of economic efficiency, the concept of economic value added (EVA), RAROC. |
| ПКН-4 | Ability to develop methodologies and evaluate the effectiveness of economic projects taking into account risk factors under the conditions of uncertainty | 1. Generates and applies techniques for assessing the effectiveness of economic projects under the conditions of uncertainty.2. Demonstrates the skills of formulating conclusions based on the conducted research for making management decisions on the implementation of economic projects in the form of methods and analytical materials. | **knowledge of**: basic methods for preparing economic projects and criteria for assessing their effectiveness, taking into account the uncertainty factor;**skills**: to evaluate the effectiveness of economic projects; development of options for management decisions based on criteria of economic efficiency**knowledge of**: modern financial and information technologies in the field of international financial risk management;**skills**: to apply modern financial and information technologies in the field of international financial risk management to draw up an opinion on the state of economic agents in various markets, taking into account risk factors in conditions of uncertainty; to develop project solutions, proposals for the implementation of projects, programs and strategies for the activity of economic agents in the field of risk management in the global financial market |
| ПКН-5 | Ability to manage economic risks, investments, financial flows based on the integration of knowledge from related areas and be responsible for organizational and managerial decisions | 1. Applies theoretical knowledge and economic laws to develop algorithms for managing economic risks, investment projects, and financial flows.2. Demonstrates knowledge of the content of the main schemes for financial support of investment projects and their features.3. Substantiates decisions on the management of investment projects and financial flows based on the integration of knowledge from different fields. | **knowledge of**: algorithms for managing economic risks, investment projects, financial flows;**skills**: to conduct effective risk management;**skills**: to use various instruments of the derivatives financial market to hedge risks**knowledge of**: methods of system analysis and modeling of processes in the monetary and financial sphere for solving economic problems under the conditions of uncertainty;**skills**: to synthesize general and specialized information to solve problems aimed at minimizing the level of risks; build, analyze and apply models to predict economic processes and carry out a comprehensive assessment of the state of financial market participants |

**3. Place of the subject in the curriculum**

The subject «International financial risk-management (in English)» is a compulsory subject of the Master's program "International Finance and Banking", direction of study 38.04.01 "Economics".

The study of the subject «International financial risk - management (in English)» is based on the body of knowledge and practical skills acquired by students in the course of mastering the subjects «International finance», «International banking business», «Financial derivatives», «Mathematical support of financial solutions».

To master the subject «International financial risk management (in English)», the student should:

**know**

- the essence of the processes of globalization and transnationalization of the world economy as dominant trends;

- mechanisms of interaction of the main subjects in the field of international monetary and financial relations;

**be able to**

- to carry out financial and economic calculations to ensure financial decisions;

**have knowledge** in the field of international finance, international banking business.

Theoretical knowledge and practical skills acquired by students while the study of the subject should be used in the process of studying subsequent subjects according to the curriculum, in the preparation of a master's thesis, in the performance of scientific work.

**4. Workload in credits and academic hours, with class work (lectures and seminars) and self-study indicated**

The total workload of the course is 3 credit points.

The type of intermediate attestation is exam.

|  |  |  |
| --- | --- | --- |
|  |  |  |
| **Type of work on the subject «International financial risk-management (in English)»**  | **Total****(in credits and hours)** | **Module 6 (in hours)** |
|  |  |  |
| **Overall workload**  | 3 credits, 108 hours | 3 credits, 108 hours |
|  |  |  |
| ***Class work***  | 40 | 40 |
| *Lectures*  | 10 | 10 |
| *Seminars, practicals, including*  | 30 | 30 |
| *classes in interactive forms* | 15 | 15  |
| ***Self study***  | 68 | 68 |
| Formative assessment  | Control work | Control work |
| Summative assessment  | Exam | Exam |

**5. Subject content (with the thematic components indicated).**

* 1. **Subject content**

**Topic 1. Risk and its essence. Risks classification. Risks inherent in international monetary and financial transactions.**

Definition of the concept of "risk". "Uncertainty" as a source of risk. Types of losses, damage, losses. Subjects, objects and risk factors.

Risks classification according to various criteria.

The concept and essence of the risks arising from international monetary and financial transactions in a market economy. External and internal risks.

Risky and risk-free operations. Relation between riskiness and profitability in international monetary and financial transactions. Types and types of main banking risks inherent in international monetary and financial transactions[[1]](#footnote-1).

**Topic 2. Fundamentals of international financial risk management.**

The concept and objectives of risk management. Risk management strategy and tactics. Subjects, objects of international financial risk management.

Basic axioms of risk management. Risk management laws. Risk management principles.

Risk management stages. Principles of building an effective risk management system. Organization of risk management. Risk management matrix.

Risk analysis: goals and stages. Qualitative risk analysis. Identification of risk factors. Risk identification. Determination of the range of risks by objects, factors and types of risk. Quantitative risk analysis.

Types of possible losses. Risk areas.

Methods of quantitative analysis: statistical methods, methods of expert assessments, calculation and analytical method.

Comprehensive risk analysis. Company (bank) risk profile, risk map.

The need to introduce integrated risk management systems into corporate governance. Formation of a risk management system in companies in the financial and non-financial sectors. State financial risk management. The emergence of risk management as a new philosophy of strategic management in business.

National risk management standards (UK, Japan, South Africa, Canada, Australia, etc.).

International risk management standards. COSO II ERM - Integrated Framework, developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO, USA). Federation of European Risk Managers Associations (FERMA) standard. ISO 3100: 2009, Risk Management Standard, ISO / IEC Guide 73 "Risk Management Vocabulary Guidelines for use in Standards", ISO / IEC 31010 Risk Management - Risk assessment guidelines).

Industry standards for risk management. Basel I, II, III. Solvency I, Solvency II.

Consulting in the field of risk management. Global Association of Risk Professionals (GARP). Professional certification. International exam Financial Risk Manager (FRM).

Application and development of risk management technologies in Russia as one of the most important tasks of managing the domestic economy and a reliable mechanism for ensuring financial stability and strategic viability. The need to develop and approve national risk management standards in the Russian Federation, as well as to apply a number of international standards. Approval by the Ministry of Labor and Social Protection in 2015 of the professional standard "Risk Management Specialist".

**Topic 3. Financial risk management approaches.**

Risk management concept. An overview of the basic concepts of risk management. Management concept. Definition of risk management. Risk management cycle. Acceptable risk concept.

Psychological foundations of risk management.

Classification of risk management methods. The main stages of risk management and the classification of methods in relation to the moment of occurrence of an adverse event. Double classification of risk management methods according to their content. 1st classification according to risk management procedures: risk elimination, risk reduction, risk mitigation, risk transfer. 2nd classification - by the nature of the applied impact: methods of risk transformation (risk control, risk control to stop losses), methods of risk financing (risk financing, risk financing to pay for losses).

Financial risk management methods. Risk mitigation methods: diversification, immunization, limiting, reservation. Risk transfer methods: insurance, hedging, contracting. Risk financing.

Combination of various methods of financial risk management. General characteristics of the combination of risk management methods. Errors accumulation model proposed by D. Reason ("Swiss cheese model") and the need for maximum integrity of security barriers. The need for a financial risk management program. Analysis of the effectiveness of risk management.

**Topic 4. Management of market risk as a type of financial risk.**

Types of market risks: currency, interest, price. Factors, objects and subjects of market risks.

Methods for forecasting the dynamics of market prices. Market risk assessment methods. Portfolio risk.

Value-at-Risk (VaR) concept. VaR calculation methods: covariance, historical modeling and Monte Carlo methods. VaR risk indicator for an individual instrument and a portfolio.

RiskMetrics system. RiskMetrics 2006 (RM2006). Verification of VaR calculation models (backtesting).

Assessment of portfolio stability to market crises: method of simulation (scenario) modeling (stress testing).

Assessment of market risk using the Capital Asset Pricing Model (CAPM) and the Arbitrage Pricing Model (ART).

Risk capital modifications. Cash flow adjusted for risk (Сash Flow at Risk –CfaR). Risk-adjusted capital assessment. RORAC (Return on Risk-Adjusted Capital) and RAROC (Risk-Adjusted Return on Capital) indicators.

Limitations of the usage of various risk assessment methods. Requirements for the volume and composition of data for the methods used.

Market risk management methods: hedging, limiting, diversification, reservation, insurance.

Currency risk as a type of market risk.

Types of currency risk: operational, economic, translational. Factors, objects and subjects of currency risk.

Methods for forecasting the dynamics of the exchange rate. Quantitative risk assessment methods.

The concept and essence of an "open position". "Open" currency position.

Currency risk management: hedging, limiting open currency positions, diversification, managing assets and liabilities in foreign currency, choosing the contract currency.

Derivative financial instruments used to hedge foreign exchange risk: forward contracts, futures, currency swaps, options.

Interest rate risk as a type of market risk.

Essence, definition of interest rate risk. Objects and factors of interest rate risk. The concept of interest-sensitive financial instruments. Reciprocity of interest rate risk and liquidity risk.

Specific interest rate risk and general market interest rate risk required to calculate interest rate risk.

Assessment of interest rate risk: analysis of interest rate gaps (gap analysis), duration method, scenario analysis of interest rate changes, stress testing.

Interest rate risk management methods: portfolio immunization, selection of the optimal interest rate on a loan, hedging of interest rate risk using derivative financial instruments. Interest rate swaps, interest rate caps, floras, collars.

Recommendations of the Basel Committee and the Bank of Russia on interest rate risk management.

Price risk as a type of market risk. Monitoring of price risk through regular analysis of market conditions. Price risk management based on compliance with established limits and related procedures. Formation of limits. Types of limits: stop-loss, stop-out, take profit, take out. Hedging of price risk.

**Topic 5. Management of credit risk as a type of financial risk.**

Forms, objects and subjects of the credit risk. Types of credit risk. Credit risk assessment. Credit risk indicators. Credit event: concept and types. Credit ratings. Credit analysis. Assessment of the borrower's credit risk. Portfolio credit risk assessment.

Signs of deteriorating credit culture (according to the US Federal Reserve's approach).

Default. Methods for assessing the probability of default. Altman's Z-model and its modifications.

Approaches to modeling of credit risk. Credit migration models (CreditMetrics), structural models (КМV), actuarial models (СreditRisk +), macroeconomic models (СreditPortfolioView).

Credit risk management methods: limiting, reservation, diversification of the loan portfolio, netting, collateralization of debt obligations, insurance, securitization of debt obligations, hedging with credit derivatives, factoring.

Bank credit strategy.

**Topic 6.**  **Management of liquidity risk as a type of financial risk.**

Definition of liquidity risk. The relevance of liquidity risk in the light of trends in the development of the global financial system. Liquidity risk types: market liquidity risk and balance sheet liquidity risk. Objects and factors of liquidity risk.

The risk of insolvency.

Review of methods for analyzing liquidity risk. The coefficient method for analyzing liquidity risk. Internal liquidity standards. Gap - analysis. Methods for stress testing and scenario analysis of liquidity risk.

Liquidity risk management methods: optimization of the balance sheet structure, management of liquid borrowed funds.

Recommendations of the Basel Committee on liquidity management in a bank. Bank of Russia requirements.

 **Topic 7.**  **Country risk.**

The concept of country risk. Country risk as a multifactorial phenomenon. Country risk assessment methods. Quantitative and qualitative assessments of country risk.

Country risk management. Analysis of country risks based on a comparison of the ratings of the largest rating agencies Standard and Poors, Moody’s, Fitch, as well as analysis of economic and financial information about the countries of operations of the bank. Country risk monitoring. Country risk management through the formation of a rational credit policy of the bank; setting limits; formation of reserves for individual operations in accordance with the conditions of the economy and markets in the countries of operations of banks. Formation of proposals for: reducing operations in countries with a high level of country risks; attracting additional collateral for current operations in countries of potential risk; the formation of target reserves to ensure the safety of banking activities in the event of an increase of country risks.

 **Topic 8. Regulatory risk.**

The concept of regulatory risk. Review of approaches to regulatory risk management.

Legal and regulatory framework of the Bank of Russia. Organization of a regulatory risk management system in the Russian Federation.

Participants in the regulatory risk management system. Roles, tasks and interaction of participants in the regulatory risk management system. Analysis of the structure of corporate governance. Bodies and specialized committees.

Implementation of regulatory risk management functions. AML / CFT regulatory risk management. Management of the conflict of interest risk. Control over professional participant in the securities market. Control over the use of inside information and market manipulation. International sanctions compliance.

Regulatory risk management as part of a compliance culture.

Regulatory risk management reporting system.

**5.2. Educational and thematic plan**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| № | Topics of the subject |  | Workload in hours | Forms of formative assessment |
| п/п |  |  |  |  |  |  |
| Overall | Class work | Self study |
|  |  |  |  |  |
|  | Subtotal | Lectures | Seminars, practicals | Lessons in interactive forms |
|  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| 1. | Тopic 1. Risk and its essence. Risks classification. Risks inherent in international monetary and financial transactions. | 12 | 4 | 2 | 2 | 1 | 8 | Questioning. Reports. Study discussion. |
| 2. | Тopic 2. Fundamentals of international financial risk management. | 14 | 4 | 2 | 2 | 1 | 10 | Questioning.Reports. Study discussion.  |
| 3. | Тopic 3. Financial risk management approaches.  | 12 | 4 | - | 4 | 2 | 8 | Questioning. Reports. Study discussion.  |
| 4. | Тopic 4. Management of market risk as a type of financial risk. | 16 | 6 | 2 | 4 | 2 | 10 | Questioning. Reports. Solving problems.Cases. |
| 5. | Тopic 5. Management of credit risk as a type of financial risk. | 13 | 5 | 1 | 4 | 2 | 8 | Questioning. Reports. Solving problems. |
| 6. | Тopic 6. Management of liquidity risk as a type of financial risk. | 13 | 5 | 1 | 4 | 2 | 8 | Questioning.Reports. Solving problems. |
| 7. | Тopic 7. Country risk. | 15 | 7 | 1 | 6 | 3 | 8 | Questioning. Reports. **Control work.** |
| 8.  | Тopic 8. Regulatory risk. | 13 | 5 | 1 | 4 | 2 | 8 | Questioning.Reports. Solving problems. |
|  |  Total for the subject | 108 | 40 | 10 | 30 | 15 | 68 | According to the curriculum: control work |
|  | Total, in % |  |  |  |  | 37,5 % of the total class workload |  |  |

**5.3. Content of seminars**

|  |  |  |  |
| --- | --- | --- | --- |
| **Topics of the subject** | **A list of questions for discussion at seminars, practicals, recommended sources from sections 8.9 (the number of the source is indicated)** | **Forms of conducting classes** |  |
| Тopic 1. Risk and its essence. Risks classification. Risks inherent in international monetary and financial transactions. | 1.Definition of the concept of "risk". "Uncertainty" as a source of risk. Types of losses, damage, losses.2. Classification of risks according to various criteria.3. The concept and types of risks inherent in international monetary and financial relations.Source: main 1,3,4; add. 12 | Questioning. Study discussion. (50% of the lesson are conducted in an interactive form) |
| Тopic 2. Fundamentals of international financial risk management. | 1. Concept and goals of risk management.2. Strategy and tactics of international financial risk management.3. Stages of risk management.Source: main 1,3,4; add. 5 | Questioning.Study discussion. (50% of the lesson are conducted in an interactive form) |
| Тopic 3. Financial risk management approaches.  | 1. The concept of financial risk.2. Methods of financial risk management.Source: main 1,2,3, 4; add. 5,8 | Questioning.Study discussion. (50% of the lesson are conducted in an interactive form) |
| Тopic 4. Management of market risk as a type of financial risk. | 1.Factors, subjects and objects of market risks.2. Methods for predicting market risks.3. Methods of market risk management.Source: main 1,2,3, 4; add.6, 7, 9, 10 | Questioning. Study discussion. Solving problems (50% of the lesson are conducted in an interactive form) |
| Тopic 5. Management of credit risk as a type of financial risk. | 1. Factors, subjects and objects of credit risks.2. Methods for predicting credit risks.3. Methods of credit risk management.Source: main 1, 2,3,4; add. 5, 6, 8, 10 | Questioning. Study discussion. Solving problems (50% of the lesson are conducted in an interactive form) |
| Тopic 6. Management of liquidity risk as a type of financial risk. | 1. Factors, subjects and objects of liquidity risk.2. Methods for forecasting liquidity risk.3. Methods of liquidity risk management.Source: main 1, 2,3,4; add. 5, 10 | Questioning.Study discussion. Solving problems (50% of the lesson are conducted in an interactive form) |
| Тopic 7. Country risk. | 1.Factors, subjects and objects of country risk.2. Methods for forecasting country risk.3. Methods of country risk management.Source: main 1, 2,3,4; add. 12, 13 | Questioning.Study discussion. Solving problems Writing control work. (50% of the lesson are conducted in an interactive form) |
| Тopic 8. Regulatory risk. | 1. Factors, subjects and objects of regulatory risk.2. Methods for managing regulatory risk.Source: main 1,3,4; add. 11, 13, 14 | Questioning.Study discussion. Solving problems (50% of the lesson are conducted in an interactive form) |  |

**6. Teaching and methodological materials needed for the students self-study**

**6.1. Forms of self-study work**

|  |  |  |  |
| --- | --- | --- | --- |
| **Topics of the subject** |  | **Indication of topics assigned to** | **Forms of self-study work** |
|  |  | **self-study** |  |
|  |  |  |  |  |
| Тopic 1. Risk and its essence. Risks classification. Risks inherent in international monetary and financial transactions. | Type of main banking risks inherent in international monetary and financial transactions. | **Working with information and analytical system Bloomberg**Work in the electronic library system and electronic information and educational environment of the Financial UniversityConsultations, reports |
| Тopic 2. Fundamentals of international financial risk management. | Basic axioms of risk management. Risk management laws. Risk management principles.National risk management standards.International risk management standards. | **Working with information and analytical system Bloomberg**Work in the electronic library system and electronic information and educational environment of the Financial UniversityConsultations, reports |
| Тopic 3. Financial risk management approaches.  | Psychological foundations of risk management.A combination of various methods of financial risk management.Financial risk management programs. Analysis of the effectiveness of risk management. | **Working with information and analytical system Bloomberg**Work in the electronic library system and electronic information and educational environment of the Financial UniversityConsultations, reports,creative assignments, interviews, group discussions, master classes by practitioners |
| Тopic 4. Management of market risk as a type of financial risk. |  | Market risk assessment using the Capital Asset Pricing Model (CAPM) and the Arbitrage Pricing Model (ART).Methods for forecasting the dynamics of the exchange rate. Quantitative risk assessment methods.Recommendations of the Basel Committee and the Bank of Russia on interest rate risk management. | **Working with information and analytical system Bloomberg**Work in the electronic library system and electronic information and educational environment of the Financial UniversityConsultations, reports,interviews, group discussions, problem solving |
| Тopic 5. Management of credit risk as a type of financial risk. |  | Default. Methods for assessing the probability of default.Bank credit strategy. | **Working with information and analytical system Bloomberg**Work in the electronic library system and electronic information and educational environment of the Financial UniversityConsultations, reports,interviews, group discussions, problem solving |
| Тopic 6. Management of liquidity risk as a type of financial risk. |  | Recommendations of the Basel Committee on liquidity management in a bank. Bank of Russia requirements. | **Working with information and analytical system Bloomberg**Work in the electronic library system and electronic information and educational environment of the Financial UniversityConsultations, reports, interviews, group discussions, problem solving |
| Тopic 7. Country risk. |  | Ratings of the largest rating agencies Standard and Poors, Moody’s, Fitch. | **Working with information and analytical system Bloomberg**Work in the electronic library system and electronic information and educational environment of the Financial UniversityConsultations, reports,interviews, group discussions, problem solving |
| Тopic 8. Regulatory risk. |  | The reporting system on regulatory risk management. | **Working with information and analytical system Bloomberg**Work in the electronic library system and electronic information and educational environment of the Financial UniversityConsultations, reports, interviews, group discussions, problem solving |

**6.2. Methodological support for classroom and out-of-class independent work**

**List of questions/assignments/topics for students’ preparation to formative assessment**

 Indicative list of questions to control work.

1. Risk and its essence.

2. Classification of risks.

3. Risks inherent in international monetary and financial relations.

4. Fundamentals of international financial risk management.

5. Approaches to financial risk management.

6. Management of market risks as a type of financial risk.

7. Management of credit risk as a type of financial risk.

8. Management of liquidity risk as a type of financial risk.

9. Country risk.

10. Tasks to determine VaR.

11. Tasks for calculating asset value models.

12. Calculations of the return and risk of a portfolio of securities.

13. Tasks for the risk metrics of the J.P. Morgan bank.

14. Tasks for calculating the Altman Z-model and its modifications.

15. Tasks for calculating net interest income.

The scoring criteria for various forms of monitoring of progress are contained in the relevant methodological recommendations of the department.

**7. Fund of assessment tools for intermediate attestation of students for the subject**

The list of competencies with indicators of their achievement in the process of mastering the subject is in section 2 «Mapping of learning outcomes (list of competences), with the relevant indicators described and subject learning outcomes indicated».

**Typical control tasks and other materials required to assess achievement of competencies, skills and knowledge**

**Tests:**

1. The content of risk management includes:

a. comparison of the probabilities and characteristics of risk obtained as a result of risk assessment and analysis, selection of measures to minimize or eliminate the consequences of risk;

b. planning activities for the implementation of a risky project;

с. organization of a risk management service at the enterprise;

d. creation of an integrated risk management system.

2. Risk management methods based on clear identification of risk sources are:

a. risk dissipation methods;

b. risk compensation methods;

с. risk aversion methods;

d. methods of risk localization.

3. Methods of risk management associated with the distribution of risk between strategic partners are:

a. risk dissipation methods;

b. risk compensation methods;

с. risk aversion methods;

d. methods of risk localization.

4. What is unexpected loss on a portfolio?

a. average probable value of all possible losses

b. maximum possible losses

с. VAR (Value at risk) at a given level of reliability

d. the difference between the maximum possible with a given probability loss and the expected loss.

5. In which sequence of rating groups is the probability of default decreasing?

I - (A, BBB, CC), II - (CCC, B, AA), III - (B +, BBB, A)

a. in II and III;

b. in I and II;

c. only in II;

d. in I, II and III.

**Tasks, case:**

1. Identify the types of financial risks that Russian oil exporters are exposed to. List the risk spectrum.

2. Identify the types of financial risks that Russian car importers are exposed to. List the risk spectrum.

3. Identify the types of financial risks that mutual funds are exposed to. List the risk spectrum.

4. Fill in the table describing the methods for assessing market risk

|  |  |  |
| --- | --- | --- |
| method | advantages | limitations |
| covariance method |  |  |
| historical method |  |  |
| Monte Carlo method |  |  |

1. Fill in the table describing strategies for using stock futures

|  |  |
| --- | --- |
| Strategy type | Description |
| Hedging a stock portfolio against falling prices |  |
| Cash flow hedge against rising stock prices |  |
| "Short sale" |  |
| Leverage game for falling / increasing stock prices |  |
| Buying / selling a short-term "synthetic" bond (repo transactions) |  |
| Calendar spread |  |
| Building various strategies using futures and options on futures |  |
| Creation of a synthetic futures on the "second tier" stock index |  |

6. Fill in the table describing the strategies for using futures and options (for US dollar)

|  |  |
| --- | --- |
| Strategy type | Description |
| Reducing the risk of a depreciation of the ruble |  |
| Cash flow hedge from ruble appreciation |  |
| Leveraging on currency rate changes |  |
| "Short sale" |  |
| Carrying out repo transactions in foreign currency |  |
| Intermarket arbitration |  |
| Combination of futures and options |  |

1. Fill in the table describing strategies for using short-term interest rate futures

|  |  |
| --- | --- |
| Strategy type | Description |
| Hedging the rate of attracting (placing) credit funds |  |
| Hedging of the average overnight rate of future periods |  |
| Leveraging short-term interest rates |  |
| Calendar spread |  |
| Playing on spreads with other instruments |  |
| Building various strategies using futures and options on futures |  |
| Creation of a synthetic futures on the "second tier" stock index |  |

1. Study the relevant material and systematize the information on classical and anti-crisis financial management, taking into account the selected criteria

|  |  |  |
| --- | --- | --- |
| criteria | classical financial management | anti-crisis financial management |
| subject |  |  |
| tools |  |  |
| resources |  |  |

1. Task. Based on the materials of the company's corporate reporting (at your choice), identify and map the risks in international monetary and financial relations inherent in this company. Analyze the risks. Suggest approaches to risk management.
2. Case[[2]](#footnote-2).

Option transactions

According to the pipeline company Transneft, Sberbank did not warn the company about all the risks of entering into an agreement on option transactions.

Sberbank initiated the conclusion of an agreement with Transneft on derivative financial instruments, the bank did not warn about all the risks, because of this the company suffered a loss, said the first vice president of the company M. Grishanin. According to him, the bank offered Transneft a product that did not suit it. “We believe that when banks offer a client a product, banks should have some internal compliance: what product they offer to whom…”, - he noted. Transneft agreed to sign an agreement with Sberbank. Transactions with derivative financial instruments were concluded in 2014. At that time, the company had foreign currency debt (a Chinese loan for USD 10 billion until 2029 and Eurobonds for EUR 1.05 billion due in 2018, as well as temporarily available cash denominated in foreign currency. In 2014, the dollar rose against the ruble 1.7 times and by the end of the year reached 56.65 rubles per dollar. As a result, Transneft incurred a loss from operations with derivative financial instruments of 75.3 billion rubles for 2014. In 2015, the loss amounted to 5.1 billion rubles. And in 2016, the company received a profit from these operations in 3.4 billion rubles.

On January 11, 2017, Transneft filed a lawsuit against Sberbank with the Moscow Arbitration Court “to declare the transaction invalid”.

A representative of Sberbank asserted: Transneft on a regular basis and for a long time entered into similar transactions with leading participants in the financial market. These transactions are reflected in the company's public financial statements. Speaking at a court hearing on March 27, 2017, a bank spokesman said that 62 option deals had been concluded, of which the company benefited from three of them. The bank's representative cited facts that, in his opinion, confirm the professionalism of the company's employees working on the transaction. That is, Transneft was warned about the possibility of risks for it, the bank emphasized.

“The law “On the Securities Market ”does not define the risks that professional participants should warn investors about, since it is impossible to warn about all the risks when trading on financial markets”, - says M. Safiulin, a lawyer at the law firm A2.

“This decision will be interesting enough to understand the substantiation of such disputes by the courts, but it is unlikely to be a precedent for similar cases. This kind of practice is extremely small, and one solution, even for such a large amount, will not form a practice”, - says N. Kulikov, executive director of Heads Consulting.

After getting acquainted with the content of the case, answer the following questions:

1. What is the essence of an option transaction?

2. What circumstances prompted the need for an option transaction in the case of Transneft?

3. Give the classification of option transactions.

4. Explain the specifics of the Russian legal regulations governing derivatives markets.

5. Explain the relevance of the task of adequate regulation and supervision of the derivatives market and the implementation of the functions of derivatives.

Tasks

1. The value of the investor's portfolio is 5 million rubles, VaR for one day with a confidence level of 95% is 50 thousand rubles. During how many days out of every 100 days an investor can expect that his losses will not exceed 50 thousand rubles?
2. The value of the investor's portfolio is 20 million rubles, VaR for 10 days is 5 million rubles with a confidence level of 99%. What is the probability that the investor's losses during the next 10 days will exceed 5 million rubles?
3. Determine one-day VaR with a 90% confidence level for a portfolio with a value of RUB 100 mln, which includes shares of only one company. The standard deviation of stock returns per day is 1.5%.
4. Determine one-day VaR with a confidence level of 95% for a portfolio of RUB 100 million, which includes the stocks of two companies. The standard deviation of the first stock per day is 1.58%, and the second is 1.9%. The correlation coefficient for stock returns is 0.8. The share of the first stock in the portfolio value is 60%, the second - 40%.
5. A bank opened a long position in EUR against USD in the amount of EUR 10 million. The current EUR / USD rate is 1.2. Calculate the market risk of a portfolio in US dollars for a time interval of 1 day and a 99% probability level, if the standard deviation of the EUR / USD rate dynamics is 0.95%.
6. A Russian investor purchased stocks of company X for USD 500000. The standard deviation of stock returns per day is 1.26%. The exchange rate is 60 rubles per US dollar. The standard deviation of the exchange rate per day is 0.35%, the correlation coefficient between the US dollar rate and the return on company X's stock is 0.25. Determine the VaR of the investor's portfolio in rubles with a confidence level of 95%.
7. There are opened long positions in EUR and GBP against USD in the amount of USD 5 million and USD 10 million, respectively. The standard deviation of the dynamics of the EUR / USD rate was 0.6%, and the GBP / USD rate 0.43%. The correlation coefficient between the EUR / USD and GBP / USD quotes is 0.7. It is necessary to calculate the market risk of the portfolio with a 95% probability level and a 1 day time frame.
8. Yesterday's estimate of the standard deviation of the return on company X's stock for today (day t) is 2%. The stock's yield today is 3%. Determine the standard deviation of the return for tomorrow (day t + 1) based on the weighted average model (EWMA) used by J.P. Morgan RiskMetrics. The smoothing factor to be taken is 0.94.
9. According to Altman's z-model, which of the following companies would have the lowest credit risk?

a) a company with an indicator of profit before tax to the total value of assets of 0.3 and an indicator of retained earnings to the amount of assets of the enterprise 0.2;

b) a company with an indicator of profit before tax to the total value of assets of 0.6 and an indicator of retained earnings to the amount of assets of the enterprise of 0.2;

c) a company with an indicator of profit before tax to the total value of assets of 0.3 and an indicator of retained earnings to the amount of assets of the enterprise of 0.4;

1. a company with an indicator of profit before tax to the total value of assets of 0.6 and an indicator of retained earnings to the amount of assets of the enterprise of 0.4.
2. The standard deviation of the market index return is 25%, and the covariance of the market index return with the return on company X is 350. Determine the beta of the X stock relative to the market index. What does beta show? How can the obtained result be interpreted?
3. The standard deviation of the market portfolio is 15%, the standard deviation of the broadly diversified portfolio X is 12%, and the beta of portfolio X is 0.8. Determine whether the portfolio X is effective?
4. The value of the bank's assets, which are sensitive to changes in the interest rate, is USD 100 million, the lending rate is 5%. The value of the bank's liabilities, which are sensitive to changes in the interest rate, is USD 150 million, the borrowing rate is 3%. The planning horizon is 1 year. Calculate the gap and change in net interest income for a 2 p.p. rate increase.

**DOWNSIDE RISK MANAGEMENT (Masterclass of Prof. Dr. Peter Reichling)**

1. Value at Risk. Suppose that the following information is given about a portfolio of stocks: $Price of the Portfolio P\_{0}=800 €, Value at Risk VaR=121.07$ €. a) If $α=0.05$, i.e. N-1(1 – $α$) = 2.33, and $t=1$, compute the standard deviation of the portfolio return, $σ\_{P}.$ b) If $α=0.01$, i.e. N-1(1 – $α$) = 1.64,and $t=0.5$, compute the standard deviation of the portfolio return, $σ\_{P}.$
2. Value at Risk. Consider a stock portfolio consisting of 6,000 shares of company *A* (8€ per share) and 2,000 shares of company *B* (14€ per share). The following statistical information of the stocks is known: the volatility of *A* is 75% and the volatility of *B* is 50%. The correlation coefficient between the rates of return of the two stocks is 0.6.

Compute the value at risk of the portfolio for an assumed holding period of 2 (calendar) weeks and a confidence level of 95%, N-1(0.95) = 2.33, using the variance-covariance approach.

1. Downside risk measures.Explain why volatility, i.e., standard deviation of rates of return, might not serve as an ideal risk measure in general. Why does the concept of lower partial moments provide a remedy?
2. Downside risk measures.Consider a set of returns,S = $\left\{-2\%;3\%;-1\%;10\%;-4\%; 2\%;-5\%\right\}$. Assume a target at the level of $τ=1$% and a risk free rate at the level of $rf=0$%. Compute the Sharpe-ratio. Compute the Sortino-ratio. Compute the Omega-ratio.
3. Credit risk. Represent Merton’s model in the given space, i.e., sketch the payoff of assets, equity, and debt:

**Company‘s value at maturity**

**Pay-off**

1. Credit risk. The assets of a corporation are worth 2m €. Their expected continuously compounded rate of return amounts to 15% p.a. while the volatility of the company’s assets is 30%. The corporation raised a loan at a bank, which was issued as a zero bond with a maturity of five years and a repayment of 1m €. Compute the current value of the loan using Merton’s model, if the risk-free rate for five years maturity is 3.37% p.a.
	* What is the value of equity of this corporation?
	* What is the required rate of return of the bank (interest rate of the loan)?

Interpret this rate of return in comparison to the corresponding risk-free rate.

**Report topics**

1. Ruin of Barings Bank: History, Results and Lessons.
2. Ruin of Long Term Capital Management Hedge Fund: model risk, chronicle of the ruin, results and lessons.
3. Fraud of trader J. Kerviel at Société Générale: history, results and lessons.
4. Emergence of risk management as a new philosophy of strategic management in business.
5. Risk matrix and risk appetite according to the COSO standard.
6. The role of information in risk management.
7. "Outsourcing" when creating a risk management system, its goals and opportunities.
8. Basic principles of Basel III in the risk management system.
9. Basel III: implementation challenges.
10. Moral hazard and the problem of «To big to fail».
11. The practice of developing risk management systems in Russian companies: problems and prospects.
12. Automation of processes in risk management using information systems: current practice and development prospects.
13. System RiskMetrics and features of RiskMetrics 2006 (RM2006).
14. Assessment of interest rate risk: a comparative analysis of the recommendations of the Basel Committee and the Bank of Russia.
15. Signs of deteriorating credit culture (according to the US Federal Reserve's approach).
16. Relevance of liquidity risk in the light of trends in the development of the global financial system.

 **Questions to prepare for the exam**

1. Prerequisites for the creation and goals of financial risk management.

2. Comprehensive risk analysis. Company (bank) risk profile, risk map.

3. National and international standards of risk management.

4. Methods of financial risk management.

5. The essence and nature of risks in the international monetary and financial transactions.

6. Types and types of main risks in the international monetary and financial transactions.

7. Value-at-Risk (VaR) concept.

8. Credit risks inherent in the international monetary and financial transactions.

9. Stock risks inherent in international financial transactions.

10. Interest rate risks arising from international monetary transactions.

11. Currency risks inherent in international monetary and financial transactions.

12. Commercial risks in international monetary and financial transactions.

13. Risks of reduced liquidity arising from international currency and credit transactions.

14. Risks of loss of profitability in the course of operations on international stock markets.

15. Risks of a credit spread inherent in international currency and credit transactions.

16. Risks of portfolio concentration in international financial transactions.

17. Recommendations of the Basel Committee and the Bank of Russia on interest rate risk management.

18. The main methods of control and management of risks in international monetary and financial transactions.

19. The concept and essence of an "open position" of a credit institution. Currency, credit and interest position. Regulatory role of the central bank in the control of "open positions" of credit institutions.

20. Norms of the Central Bank of the Russian Federation limiting the risks of credit institutions. Their content and application features.

21. Tasks of credit institutions for internal control over "open positions".

22. Modern methods of analyzing risks arising from international monetary and financial transactions.

23. Volatility on the international currency and stock markets. Methods for its assessment.

24. RiskMetrics system. RiskMetrics 2006 (RM2006).

25. Default. Methods for assessing the probability of default.

26. Modern methods of forecasting medium and long-term dynamics of exchange rates in international markets.

27. Modern methods of technical analysis of the dynamics of the international currency and stock markets.

28. Modern methods of factor analysis of the dynamics of the international currency and stock markets.

29. The main methods of hedging (insurance) risks associated with international currency and credit transactions.

30. Carrying out compensating off-balance-sheet term transactions as a means of hedging currency risks.

31. Foreign exchange forward transactions (outright) as a means of hedging foreign exchange risks.

32. Operations "currency swap" as a means of hedging currency risks.

33. Foreign exchange operations with an option as a means of hedging foreign exchange risks.

34. The main methods of hedging (insurance) risks when conducting international transactions in stock markets.

35. Operations "interest rate swap" as a means of hedging stock risks.

36. The concept of a benchmark and its definition in international financial transactions.

37. Modern methods of analysis, as well as medium and long-term forecasting of price trends in international stock markets.

38. Diversification of the securities portfolio as a way to distribute and minimize the risks associated with international stock transactions.

39. Features of the analysis and management of risks in international monetary and financial transactions in the context of the global financial and economic crisis.

40. Tasks to determine VaR.

41. Tasks for calculating asset value models.

42. Calculations of return and risk of a securities portfolio.

43. Tasks for risk metrics of the bank J.P. Morgan.

44. Tasks for calculating the Altman Z-model and its modifications.

45. Tasks for calculating net interest income.

The exam is held in writing form upon completion of the subject’s study. The exam task contains two theoretical questions and a numerical task

The structure of exam ticket:

• Theoretical question (20 points)

• Theoretical question (20 points)

• Numerical task (20 points)

**Methodological materials defining procedures for assessing knowledge, skills and possessions.**

Relevant orders, instructions of the administration on control of the level of mastering subjects and the formation of students' competencies.

The criteria for assessing master students, developed by the Department of World Economy and World Finance on the basis of the Order of the Financial University No. 0557/0 of 03/23/2017 "On approval of the Regulations for the current monitoring of progress and intermediate attestation of bachelor and master degree students at the Financial University" are available on the page of the Department of World Economy and World Finance on the website of the Financial University.

**8. Mandatory and optional reading list**

 ***Legal regulations***

1. Federal Law of December 10, 2003 N 173-FZ "On Currency Regulation and Currency Control" // http://www.consultant.ru/document/cons\_doc\_LAW\_45458/

2. Federal Law of April 22, 1996 N 39-FZ "On the Securities Market" // http://www.consultant.ru/document/cons\_doc\_LAW\_10148/

3. Letter of the Bank of Russia dated June 27, 2000 N 139-T "On recommendations for analyzing the liquidity of credit institutions" // http://www.consultant.ru/document/cons\_doc\_LAW\_28158/

4. Letter of the Bank of Russia dated June 30, 2005 N 92-T "On the organization of management of legal risk and the risk of losing business reputation in credit institutions and banking groups" // http://www.consultant.ru/cons/cgi/online.cgi?req=doc&base=LAW&n=54347&dst=0&profile=0&mb=LAW&div=LAW&BASENODE=&SORTTYPE=0&rnd=258040.210932563&ts=150680350805259991624832807&SEARCHPLUS=%CF%E8%F1%FC%EC%EE%2092-%D2&SRD=true#0 (the document is applied in the part that does not contradict the regulations of the Bank of Russia)

5. Letter of the Bank of Russia dated June 29, 2011 N 96-T "On Methodological recommendations for the organization by credit institutions of internal procedures for assessing capital adequacy"// http://www.consultant.ru/document/cons\_doc\_LAW\_116327/

6. Letter of the Bank of Russia dated 03.05.2011 N 67-T "On the systemic risk of the settlement system" // http://www.consultant.ru/cons/cgi/online.cgi?req=doc&base=LAW&n=113855&fld=134&dst=1000000001,0&rnd=0.5737118721425911#0

7. Bank of Russia Regulation No. 242-P dated 16.12.2003 "On the Organization of Internal Control in Credit Institutions and Banking Groups" // http://www.consultant.ru/cons/cgi/online.cgi?req=doc&base=LAW&n=165485&fld=134&dst=1000000001,0&rnd=0.2621423873426709#0

8. Regulation on the procedure for calculating the short-term liquidity ratio (Basel III) dated May 30, 2014 N 421-P // http://www.consultant.ru/cons/cgi/online.cgi?req=doc&base=LAW&n=191805&rnd=258040.1602313048#0.

and other legal regulations in lastest edition.

***Mandatory reading list***

1. Banking risks: Textbook for students with specialization "Finance and Credit" / Financial University ; ed. by О.I. Lavrushin, N.I. Valentseva. – 3rd edition, revised and add. - Moscow: Knorus, 2013, 2016 - 292 p. – The same [Electronic resource]. - 2019. - Access mode: https://www.book.ru/book/931065

2. International financial market: textbook and practicum for bachelor and master students / Financial University; ed. by М.А. Eskindarov, Е.А. Zvonova. - Moscow: Yurayt, 2017. - 453 p. - The same [Electronic resource]. - 2019. - Access mode: https://www.biblio-online.ru/book/mezhdunarodnyy-finansovyy-rynok-433807

3. Global finance. In 2 volumes. V. 1: textbook and practicum for bachelor and master students / V.V. Аntropov [and others]; Financial University ; ed. by М.А. Eskindarov, Е.А. Zvonova. - Moscow: Yurayt, 2016, 2017 - 374 p. - The same [Electronic resource]. - 2019. – Access mode: https://www.biblio-online.ru/book/mirovye-finansy-v-2-t-tom-1-434325

4. Global finance. In 2 volumes. V. 2 : textbook and practicum for bachelor and master students / V.V. Аntropov [and others] ; Financial University ; ed. by М.А. Eskindarov, Е.А. Zvonova. — Moscow: Yurayt, 2016, 2017. — 373 p. - The same [Electronic resource]. - 2019. – Access mode: https://www.biblio-online.ru/book/mirovye-finansy-v-2-t-tom-2-434326

***Optional reading list***

5. Corporate finance: textbook for students of study direction 38.03.01 "Economics" (qualif. (degree) "bachelor") / Financial University; ed. by М.А. Eskindarov, M.А. Fedotova. - Moscow: Knorus, 2016. - 480 p. - Bachelor and Master. - The same [Electronic resource]. - 2018. - Access mode: https://www.book.ru/book/927958

6. Risk management in a commercial bank: Monograph / I.V. Larionova [and others]; Financial University ; ed. by I.V. Larionova - М.: Knorus, 2014, 2016. - 456 p.- The same [Electronic resource]. – 2016. - Access mode: https://www.book.ru/book/920537

7. Struchenkova Т.V. Currency risks: analysis and management: textbook for students, training. by spec. "World Economy", "Finance and Credit", "Accounting, Analysis and Audit"/ Т.V. Struchenkova - М.: Knorus, 2010, 2016 - 224 p. - The same [Electronic resource]. - 2016. - Access mode: https://www.book.ru/book/920593

8. Yarygina I.Z. Modern derivative financial instruments: Monograph / I.Z. Yarygina, L.Timochouk; Financial academy under the Government of the Russian Federation, chair of international monetary and financial relations; Ed. I.Z. Yarygina - М.: Financial academy, 2010 – 76 p.

9. Yarygina I.Z. Interest rate risk management: Monograph / I.Z. Yarygina, L.A. Timochouk; Financial University under the Government of the Russian Federation, chair of international monetary and financial relations. - М.: Financial University, 2011 - 70 p.

10. Gisin V. Asset value risk management in dynamic market models with transaction costs / Gisin V., Yarygina I. [Electronic resource] // Bulletin of the Institute of Economics of the Russian Academy of Sciences. — 2014 .— № 1.- P.85-101. – Access mode: <http://lpvserver190/fulltext/art2014/bv42.pdf>

11. Daniel K. Tarullo Financial Regulation: Still Unsettled a Decade After the Crisis The Journal of Economic Perspectives Vol. 33, No. 1 (Winter 2019), pp. 61-80. [Electronic resource]. - 2019. - Access mode: https://www.jstor.org/stable/26566977

12. Stanley, Leonardo E. Emerging Market Economies and Financial Globalization: Argentina, Brazil, China, India and South Korea. Anthem Press, [Electronic resource]. - 2018. - Access mode: www.jstor.org/stable/j.ctt216683k

13. Schildberg-Hörisch, Hannah. “Are Risk Preferences Stable?” The Journal of Economic Perspectives, vol. 32, no. 2, 2018, pp. 135–154. [Electronic resource]. - 2018. - Access mode: www.jstor.org/stable/26409428

14. Haines, Fiona. “Regulation and Risk.” Regulatory Theory: Foundations and Applications, edited by PETER DRAHOS, ANU Press, Acton ACT, Australia, 2017, pp. 181–196. [Electronic resource]. - 2017. - Access mode: www.jstor.org/stable/j.ctt1q1crtm.19

**9. The list of resources of the information and telecommunication Internet network required for mastering the subject**

Bank for International Settlements: www.bis.org.

Bank of Russia (Central Bank): www.cbr.ru.

Financial Analysts and Risk Managers Guild: www.gifa.ru

Corporate management (electronic magazine): www.cfin.ru

Ministry of Finance of the Russian Federation: www.minfin.ru

Government of the Russian Federation: www.government.ru

Federation of European Associations of Risk Managers (FERMA):

http://www.ferma.eu/

CFO (electronic magazine): www.fd.ru

International Monetary Fund: www.imf.org

Global Association of Risk Professionals: http://www.garp.org

Risk Impact Chart: http://www.mindtools.com/pages/article/newPPM\_78.htm. Fitch Ratings corp: www.fitchratings.com

Moody’s: www.moodys.com

Standard&Poors: https://www.standardandpoors.com

Electronic library system BOOK.RU http://www.book.ru

Electronic library system of the publishing house "URAYT": https://www.biblio-online.ru/

JSTOR Arts & Sciences I Collection http://jstor.org

JSTOR. Open Content https://www.jstor.org/open/

Electronic library system of the Financial University: <http://elib.fa.ru/>

**10.Methodical instructions for students on mastering the subject**

 In the course of preparation, students should use the regulatory documents of the Financial University, including the Regulations on the abstract, essay, test work, student's creative homework by discipline (module), approved by order of the Financial University dated 01.04.2014 No. 611 / o (see website of Financial University: on the main page, the section "Our University"; hereinafter "Unified Legal Framework of the Financial University"; subsection "Methodical work" - "Orders" / "Orders of the Financial University"), use the methodological recommendations of the department.

The Department of World Economy and World Finance of the Financial University recommends a number of textbooks and tutorials on world finance, international monetary and financial relations, published under the editorship and with the participation in their writing of the leading professors of the department: World finance: textbook, team of authors / edited by M.A. Eskindarov, E.A. Zvonova. - M.: Yurayt, 2018; International financial market: textbook, team of authors / edited by M.A. Eskindarov, E.A. Zvonova. - M.: Yurayt, 2018; and etc.

Students also have at their disposal statistical compilations of Russian and international organizations, as well as the Internet, where websites that are directly related to the discipline "International financial risk management (in English)" are widely represented.

The program provides for familiarization of students with the basics of legislation in the field of financial risk management. For this it is recommended to use the systems "Garant" and "Consultant".

While studying the subject "International financial risk management (in English)" it is proposed to regularly get acquainted with the materials of the newspapers "Kommersant", "Vedomosti", magazines "Bulletin of the Bank of Russia", "Money and Credit", "World Economy and International Relations , "Financial Analytics: Problems and Solutions", "Finance and Credit", "Expert", "Effective Anti-Crisis Management", "Economist", "Euromoney", etc.

Since students have at their disposal full textbooks and other materials, the lecturer can focus on the analysis of the key, most complex issues of the course and address the most pressing problems of international economic relations, Russia's participation in them.

The study of the subject is accompanied by the use of audio - visual resources, computer technologies, Internet resources. In the process of teaching, lecture material is presented in an interactive form, including with the use of multimedia techniques. The discussion of the problems at the seminars takes place not in the traditional form of current knowledge control, but rather focused on the creative comprehension of the most complex issues by students in the course of their generalization of modern practice on the groups of problems under consideration. The discussion is structured in the form of a discussion, taking into account the work done by the students in the course of independent preparation.

When organizing the process of studying both the theoretical educational material of the subject and preparing for seminars, including those conducted using active and interactive learning technologies, the following recommendations are taken into account.

*Methodical recommendations for performing various forms of independent homework*

Self-study work of students includes the implementation of various kinds of tasks that are focused on a deeper assimilation of the material of the subject being studied. For each topic of the subject, students are offered a list of tasks for self-study work.

In preparation for the exam, the student should work out the relevant theoretical and practical sections of the subject, fixing unclear points for discussion at a scheduled consultation.

*Methodological recommendations for preparing for the discussion*

When planning to conduct seminars in an interactive form (business game, dispute, case, etc.), their descriptions should be presented with an indication of the purpose of the lesson, the rules for its conduct, functions and interaction patterns of participants, as well as the assessment system.

*Goals and objectives of the discussion as an interactive teaching method*

The educational process, actively using interactive teaching methods, is organized taking into account the inclusion in the research process and knowledge of all students of the group. At the same time, joint collective activity means that everyone makes their own special individual contribution, in the course of work and discussion there is an exchange of ideas, knowledge, methods to act. Interactive methods are based on the principles of student activity, interaction, the use of group experience and mandatory feedback. The created communication environment is characterized by the interaction of participants, openness, equality of arguments, the accumulation of joint knowledge, the possibility of mutual control and evaluation.

Interactive means to interact, to be in the mode of dialogue, conversation. The main thing is that interactive methods, unlike active ones, are focused on broader interaction of students not only with the teacher, but also with each other and on the dominance of students' activity in the learning process. The teacher's role in such classes is to direct the students' activities to achieve the goals of the lesson.

The purpose of the discussion as a method of an interactive teaching method is to create a comfortable learning environment in which a student or listener feels his intellectual worth, his success. This is what makes the learning process itself productive, provides knowledge and skills, and creates the basis for working on solving problems after the training is over.

Discussion, as one of the interactive methods, is a purposeful exchange of ideas, opinions, thoughts between the students of the group.

Principles of working in an interactive lesson in the form of a discussion:

- each participant in the discussion on any issue has the right to his own opinion;

- the absence of direct criticism of the individual, only an idea can be criticized;

- everything that is discussed and said during the discussion is not a guide to action, but information for thought.

*Preparation of the report.* The plan of a number of seminars on the subject provides problem reports on separately formulated topics (see the paragraph "Content of seminars" of this syllabus). As a rule, a presentation is also prepared for the report, reflecting the main provisions of the report. The presentation should include flowcharts, graphs, diagrams, small tables, which clearly illustrate the logic of reasoning, confirm the author's conclusions. All inscriptions and numbers should be well readable. It is also advisable to reflect the main wording of the problems, the author's proposals in the presentation, since it will be easier to discuss them in the group.

As a rule, up to 10 minutes is allotted for the presentation of the report in the plan of seminar. In this case, questions of a clarifying nature can be asked during the report, and a problematic discussion is carried out after the author of the report has fully stated his positions.

To participate in the discussion of the problems raised in the report, all students should study this topic in preparation for the seminar and be able to both ask questions and answer them. At the same time, the speaker presents the problem in the most profound and expanded form. The task of the speaker is to structure his presentation in such a way that it becomes the basis for the subsequent discussion.

1. **List of IT resources, incl. the list of software, information and reference systems.**

**11.1. Software:**

1. Windows, Microsoft Office software.

2. ESET Endpoint Security antivirus software

**11.2 Databases and information and reference systems**

1. Garant information and reference system.

 2. Consultant Plus legal information system;

3. <http://ru.wikipedia.org/wiki/Wiki> e-encyclopedia

 4. http://www.skrin.ru/ database

 **5. Information and analytical system Bloomberg**

**6. Environment for development of software with open code for the programming language R «RStudio»**

**7. Applied package for statistical analysis «Statistica»**

**8. Applied software package for econometric modeling «Gretl»**

**9. Modeling environment «MatLab».**

* 1. **Certified software/hardware used for information protection**

Is not provided.

1. **Description of the material and technical base necessary for the implementation of the educational process on the subject**

Each student during the entire period of study is provided with individual unlimited access to the electronic library system and to the electronic information and educational environment of the Financial University. The electronic library system provides a student with the ability to access from any point to the information and telecommunications network "Internet", to the information and legal portal "Garant", the "Consultant Plus" system and other databases.

The electronic information and educational environment of the organization provides:

- access to curricula, syllabuses and publications of electronic library systems and electronic educational resources specified in work programs;

- fixation of the course of the educational process, the results of intermediate attestation and the results of mastering the main educational program.

The functioning of the electronic information and educational environment is provided with appropriate means of information and communication technologies and the qualifications of workers who use and maintain it.

In order to improve the quality of educational and scientific processes, the International Financial Laboratory (IFL) has been organized at the Financial University, which has licenses to work with the information and analytical system Bloomberg and provides access to a huge array of data, industry and corporate reports, stock quotes, analytics, financial news and etc.

Thus, there is necessary material, technical, educational and methodological support for the study of the subject "International financial risk management (in English)".

1. Currently, the imperfection of the existing classifications of risks and the need to revise the traditional risk taxonomy are noted. [↑](#footnote-ref-1)
2. Based on the article by Starinskaya G. “Transneft” was left without warning // Vedomosti. №66 (4301) April 13, 2017. P.12. [↑](#footnote-ref-2)