



MISSION: To develop a unique business school identity which is distinctive in the marketplace and provides a clear value proposition for students. This will be achieved by embedding the themes of entrepreneurship and innovation, digitalisation and data within our programs and embracing sustainability, work integrated learning and a commitment to social justice.

OVERVIEW

Course Description This course provides an insight into measuring and managing risk exposures of firms operating in the financial services industry. The course introduces analytical tools of measuring interest rate risk, market risk, credit risk, sovereign and off-balance sheet risk, liquidity risk, and technology and other operational risk. The course also orients students to the issues of liability and liquidity management and capital management and adequacy.

Contact Hours

Lecture:

Face to face on campus for two (2) hours per week for 12 weeks starting week 1.

Self-Directed Learning:

Six (6) hours of online content per term provided for self-directed learning.

Unit Weighting

10 units

Assumed Knowledge

GSBS6130 Corporate Finance / PACC6003 Corporate Finance

Workload

Students are required to spend on average 120-140 hours of effort (contact and non-contact) including assessments per 10-unit course.

Please refer to the course CANVAS site for details of teaching staff for ALL course offerings. The primary contact for courses is the Course Coordinator, whose details are listed on the course CANVAS site.

Student Consultation

A minimum of one (1) hour of consultation per week. Please see course CANVAS site for details of time and location.

Course Learning

Outcomes

On successful completion of this course, students will be able to:

1. Explain the structure and regulation of the financial services industry;
2. Demonstrate knowledge of a broad spectrum of financial products and competence in measuring risk exposures of financial institutions;
3. Demonstrate critical thinking, analytical and problem-solving skills in the context of methods of measuring and managing risks faced by financial intermediaries;
4. Identify the off-balance-sheet activities of financial institutions; and
5. Function as a finance team member to address risk exposures of financial institutions.

COURSE OUTLINE

ASSESSMENTS

This course has 4 assessments. Each assessment is described in more detail in the sections below:

	Assessment Name	Due Date	Involvement	Weighting	Learning Outcomes
1	In-class Test	Week 6	Individual	20%	1, 2, 3, 4
2	Banking Simulation Exercise	Friday 5:00 pm of Weeks 7 to 10	Group	10%	2, 3, 5
3	Written Assignment	Sunday of week 11 by 11:59 pm	Group	20%	1, 2, 3, 4, 5
4	Final Examination	Formal examination period	Individual	50%	1, 2, 3, 4

Please note: students are advised that ALL assessments must be submitted in English. Assessments not submitted in English will receive a mark of zero.

Results of individual assessment items and final results, including those provided via the Learning Management System (LMS) are 'unofficial results' until they are confirmed as finalised by the School Assessment Body and the Head of School or delegate. Finalised results are released directly to students on the Fully Graded Date of the relevant Semester/Trimester.

Time referenced is time in Newcastle NSW

Late Submissions	The mark for an assessment item submitted after the designated time on the due date, without an approved extension of time, will be reduced by 10% of the possible maximum mark for that assessment item for each day or part day that the assessment item is late. Note: this applies equally to week and weekend days.
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Assessment 1 – In-class Test

Assessment Type	In Term Test
Purpose	The test's objective is to assess student's progressive knowledge and skill and provide prompt feedback on their progress and analysis techniques.
Description	Students interpret problem-based questions to demonstrate critical thinking, analytical and problem-solving skills in the context of methods of measuring and managing risks faced by financial intermediaries.
Weighting	20%
Length	90 minutes
Due Date	Week 6
Submission Method	In Class
Assessment Criteria	The following criteria will be used to assess the test: <ul style="list-style-type: none"> - Relevance to the question. - Accuracy of information/argument. - Demonstrated links to corresponding readings. - Clarity of expression.
Return Method	In Class
Feedback Provided	In Class

Assessment 2 – Banking Simulation Exercise

Assessment Type	Banking simulation exercise
Purpose	The simulation exercise measures (i) students' understanding of key concepts, principles, and theories in financial institution risk management and (ii) their ability to apply theoretical knowledge practically to real-world situations.
Description	Banking simulation exercise is a technology-based platform that allows groups of students acting as banking executives to deal with the immediate challenges faced by banks. Each week (starting from week 7), on Monday morning, students will be given access to a dynamic simulation environment. Based on the information provided, situation analysis, and students' understanding of the key concepts of financial institution risk management, students will make a series of operational and strategic decisions. The teams will have the full week to digest resources, devise a strategy and make decision for their bank. They will submit their decisions before the round closes on Friday 5pm.
Weighting	10%
Length	Decision submission in the simulation platform and a 200-word explanation for the decisions taken.
Due Date	Week 7 to Week 10: Friday 5:00 pm
Submission Method	Electronically via simulation platform.

Assessment Criteria	The following criteria will be used to assess this assignment: <ul style="list-style-type: none"> - Relevance of the decision to overall market, economic and industry conditions. - Clarity and accuracy of explanation of the decision provided. - Demonstrated links to corresponding readings.
Return Method	Online – via course CANVAS site
Feedback Provided	Online – via recorded video

Assessment 3 - Written Assignment

Assessment Type	Written Assignment
Purpose	This case analysis facilitates students understanding and application of key concepts, principles and theories in financial institutions decision making.
Description	Students are provided with a case study relevant to financial institutions' risk exposure. In the context of this case study, they demonstrate advanced knowledge of a broad spectrum of financial products and competence in measuring risk exposures of financial institutions. Working as a group, they apply theoretical concepts and ideas to the selected case study and engage in critical thinking and problem-solving strategies to address the issues. Students submit the analysis report using their advanced written communication skills.
Weighting	20%
Length	3000 words
Due Date	Sunday of week 11 by 11:59 pm
Submission Method	Electronically via Turnitin through course CANVAS site.
Assessment Criteria	The following criteria will be used to assess this assignment: <ul style="list-style-type: none"> - Relevance to the question. - Accuracy of information/argument. - Demonstrated links to corresponding readings. - Clarity of expression.
Return Method	Online – via course CANVAS site
Feedback Provided	In Class and online – via course CANVAS site

Assessment 4 - Final Examination

Assessment Type	Formal Examination
Purpose	The examination assesses students' capacity to consolidate and apply their professional knowledge of financial institutions management to contextual scenarios.
Description	Students demonstrate advanced understanding of measurement and management of risks financial institutions are typically exposed to. They think critically to solve problems pertaining to measurement and management of financial institutions' risks considering different scenarios and using provided data. This course has a RESTRICTED OPEN BOOK examination. A memory aid is permitted. The memory aid is a single double sided A4 sheet of handwritten or typed notes for use during the examination. Note: memory aids must be left on the examination table and cannot be removed from the examination venue.
Weighting	50%
Length	120 minutes
Due Date	Formal Examination Period
Submission Method	Formal Exam
Assessment Criteria	The following criteria will be used to assess the examination: <ul style="list-style-type: none"> - Relevance to the question. - Accuracy of information/argument. - Demonstrated links to corresponding readings. - Clarity of expression
Return Method	Not Returned
Feedback Provided	No Feedback. Examination scripts will not be returned to students. Final examination scripts will be made available for review by students, upon request, in a controlled and monitored setting. Students are required to make requests, directly to the relevant course coordinator. Completed examination scripts are kept by the Newcastle Business School for a period of six (6) months only, from the relevant fully graded date. Requests made after the six (6) month period cannot be considered.

SYLLABUS

Course Content

Topics in the course include but are not limited to the following:

1. Structure and regulation of the financial services industry;
2. Deposit products and non-cash payment products;
3. Measuring and managing interest rate risk, credit risk, market risk, off-balance-sheet risk, operational risk, sovereign risk and liquidity risk; and
4. Off-balance-sheet activities, liability and liquidity management, and capital management and adequacy requirements of financial institutions.

Course Materials

Required Text:

Saunders, A. and Cornett, M. *Financial Institutions Management: A Risk Management Approach*, 10th ed. US: McGraw-Hill. © 2021

ISBN: 9781260571479

Please refer to the course CANVAS site for details of additional recommended texts.

SCHEDULE

Week	Topic	Class Preparation	Workshop Activities
1	Overview of Financial Intermediation and its Risks	Read: Chapters 1 and 7	
2	Interest Rate Risk I	Read: Chapters 8	
3	Interest Rate Risk II	Read: Chapters 9	
4	Market Risk	Read Chapter 15	
5	Credit Risk	Read: Chapters 10 and 11	
6	In-class test		Assessment 1 due: Week 6 in class
7	Sovereign Risk and off-balance-sheet risk	Read: Chapters 14 and 16	Assessment 2 (Round 1) due: Friday 5:00 pm of Week 7
8	Liquidity Risks	Read: Chapter 12	Assessment 2 (Round 2) due: Friday 5:00 pm of Week 8
9	Liability and Liquidity Management	Read: Chapter 18	Assessment 2 (Round 3) due: Friday 5:00 pm of Week 9
10	Technology and other operational Risks	Read: Chapter 17	Assessment 2 (Round 4) due: Friday 5:00 pm of Week 10
11	Capital Management and Adequacy	Read: Chapter 20	Assessment 3 due: Sunday of week 11 by 11:59 pm
12	Revision		

If a lecture/class is scheduled on a public holiday, a make-up lecture may be announced by the course coordinator on the course CANVAS site.

CONTACTS

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ADDITIONAL INFORMATION

Grading Scheme

This course is graded as follows:

Range of Marks	Grade	Description
85-100	High Distinction (HD)	Outstanding standard indicating comprehensive knowledge and understanding of the relevant materials; demonstration of an outstanding level of academic achievement; mastery of skills*; and achievement of all assessment objectives.
75-84	Distinction (D)	Excellent standard indicating a very high level of knowledge and understanding of the relevant materials; demonstration of a very high level of academic ability; sound development of skills*; and achievement of all assessment objectives.
65-74	Credit (C)	Good standard indicating a high level of knowledge and understanding of the relevant materials; demonstration of a high level of academic achievement; reasonable development of skills*; and achievement of all learning outcomes.
50-64	Pass (P)	Satisfactory standard indicating an adequate knowledge and understanding of the relevant materials; demonstration of an adequate level of academic achievement; satisfactory development of skills*; and achievement of all learning outcomes.
0-49	Fail (FF)	Failure to satisfactorily achieve learning outcomes. If all compulsory course components are not completed the mark will be zero. A fail grade may also be awarded following disciplinary action.

*Skills are those identified for the purposes of assessment task(s).

Communication Methods	Communication methods used in this course include: <ul style="list-style-type: none"> - CANVAS Course Site: Students will receive communications via the posting of content or announcements on the CANVAS course site. - Email: Students will receive communications via their student email account. - Face to Face: Communication will be provided via face to face meetings or supervision.
Course Evaluation	Each year feedback is sought from students and other stakeholders about the courses offered in the University for the purposes of identifying areas of excellence and potential improvement.
Oral Interviews (Vivas)	As part of the evaluation process of any assessment item in this course an oral examination (viva) may be conducted. The purpose of the oral examination is to verify the authorship of the material submitted in response to the assessment task. The oral examination will be conducted in accordance with the principles set out in the Oral Examination (viva) Procedure . In cases where the oral examination reveals the assessment item may not be the student's own work the case will be dealt with under the Student Conduct Rule .
Academic Misconduct	All students are required to meet the academic integrity standards of the University. These standards reinforce the importance of integrity and honesty in an academic environment. Academic Integrity policies apply to all students of the University in all modes of study and in all locations. For the Student Academic Integrity Policy, refer to https://policies.newcastle.edu.au/document/view-current.php?id=35 .
Adverse Circumstances	The University acknowledges the right of students to seek consideration for the impact of allowable adverse circumstances that may affect their performance in assessment item(s). Applications for special consideration due to adverse circumstances will be made using the online Adverse Circumstances system where: <ol style="list-style-type: none"> 1. the assessment item is a major assessment item; or 2. the assessment item is a minor assessment item and the Course Co-ordinator has specified in the Course Outline that students may apply the online Adverse Circumstances system; 3. you are requesting a change of placement; or 4. the course has a compulsory attendance requirement. Before applying you must refer to the Adverse Circumstances Affecting Assessment Items Procedure available at: https://policies.newcastle.edu.au/document/view-current.php?id=236
Important Policy Information	The Help button in the Canvas Navigation menu contains helpful information for using the Learning Management System. Students should familiarise themselves with the policies and procedures at https://www.newcastle.edu.au/current-students/no-room-for/policies-and-procedures that support a safe and respectful environment at the University.

This course outline was approved by the Head of School. No alteration of this course outline is permitted without Head of School approval. If a change is approved, students will be notified and an amended course outline will be provided in the same manner as the original.

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