

<b>Title:</b>	<b>Financial Risk Management</b>
<b>Lecturer</b>	Prof. Krzysztof Jajuga, Dr Paweł Kuśmierczyk
<b>Lecture hours:</b>	24 (lectures + workshops), 3 ECTS
<b>Study period:</b>	Summer School
<b>Location:</b>	Wrocław University of Economics
<b>Examination:</b>	Final test (60%) plus workshop performance (40%)
<b>Language:</b>	English
<b>Prerequisites:</b>	Elements of Economics, Finance, and Financial Markets
<b>Course content:</b>	<p><b>I. Tools of Risk Management</b></p> <ol style="list-style-type: none"> <li>1. Financial risk – introduction.</li> <li>2. Understanding consequences of financial risk.</li> <li>3. Basic measurement of risk.</li> <li>4. Hedging tools.</li> <li>5. Discussion of real examples of collapses resulting from mismanagement of financial risk.</li> <li>6. Description of financial crisis with emphasis on risk management issues.</li> </ol> <p><b>II. Behavioral Issues in Risk Management</b></p> <ol style="list-style-type: none"> <li>1. Decision making under risk, uncertainty and ambiguity</li> <li>2. Loss-aversion and its consequences for investment decisions</li> <li>3. Intertemporal choice. Time discounting anomalies.</li> <li>4. Macroeconomics and savings. Money illusion.</li> <li>5. Behavioral rationality in finance: theory and anomalies. Do investors trade too much?</li> <li>6. Fairness and social preferences</li> </ol>
<b>Learning outcomes:</b>	<ul style="list-style-type: none"> <li>- Understanding consequences of financial risk,</li> <li>- Knowledge of measurement and management of financial risk,</li> <li>- Familiarity with best practices in financial risk management</li> <li>- Knowledge on the influence of the psychological effects on the theory of economics and finance</li> </ul>
<b>Literature:</b>	<ol style="list-style-type: none"> <li>1. Saunders A., Cornett M.M.: Financial Institutions Management: A Risk Management Approach. McGraw-Hill Higher Education, 2008</li> <li>2. Camerer C.F., Loewenstein G., Rabin M. (eds.): Advances in Behavioral Economics, Princeton University Press, Princeton, 2004.</li> <li>3. Hogarth R.M., Reder M.W. (eds.): Rational Choice, The Contrast between Economics and Psychology. The University of Chicago Press, Chicago, 1987.</li> </ol>