1. **Title of the module**

BUSN9074 (CB9074) Credit Risk

1. **School or partner institution which will be responsible for management of the module**

Kent Business School

1. **The level of the module (Level 4, Level 5, Level 6 or Level 7)**

Level 7

1. **The number of credits and the ECTS value which the module represents**

15 credits (7.5 ECTS)

1. **Which term(s) the module is to be taught in (or other teaching pattern)**

Spring

1. **Prerequisite and co-requisite modules**

None

1. **The programmes of study to which the module contributes**

MSc Finance (Finance, Investment and Risk): MSc Finance (International Banking and Finance)

1. **The intended subject specific learning outcomes.  
   On successfully completing the module students will be able to:**

8.1 Learn about various securities with different types of credit risks, such as corporate debt, sovereign debt, credit derivatives, and structured products.

8.2 Understand and implement various qualitative and quantitative methods for credit risk evaluation based on borrowers’ data.

8.3 Assess credit risk in a portfolio context.

8.4 Critically discuss market-based credit risk models.

8.5 Identify and discuss credit risk management techniques.

1. **The intended generic learning outcomes.  
   On successfully completing the module students will be able to:**

9.1 Solve complex financial problems.

9.2 Develop analytical skills necessary for the analysis of credit risk and identification of appropriate methods for its management.

9.3 Plan work and study independently and make use of the relevant resources in a way which reflects best current practices and anticipated future practice.

9.4 Develop their numeracy, quantitative and academic writing skills.

1. **A synopsis of the curriculum**

Indicative topics are:

* Introduction of default risk concept and credit risk-related securities
* Credit rankings (internal and external rating) and the role of credit rating agencies, credit migration
* Default prediction and credit scoring models
* Default dependencies
* Credit risk portfolio models (risk-adjusted performance, stress-testing portfolio losses,)
* Corporate bonds and yield spreads
* Default risk pricing models (structural models and reduced-form models)
* Market default models: (CreditRisk+, Credit Metrics™, KMV model )
* Credit derivatives and credit risks of derivatives

1. **Reading list (Indicative list, current at time of publication. Reading lists will be published annually)**

Ashcroft, A.B and Schuermann, T (2008). *Understanding the Securitization of Subprime Mortgage Credit*. Federal Reserve Bank of New York Staff Reports, No. 318.

Cont, R. (Ed.) (2008). *Frontiers in quantitative finance.*  New Jersey: John Wiley & Sons Inc de Servigny, A. and Renault, O.(2004) *Measuring and Managing Credit Risk.* New York: McGraw-Hill

Gregory, J. (2010). *Counterparty Credit Risk: The New Challenge for Global Financial Markets*.

Chichester: John Wiley & Sons

Malz, A.M. (2011). *Financial Risk Management: Models, History, and Institutions*. New Jersey: John Wiley & Sons

Stulz, R.M. (2002). *Risk Management & Derivatives*. Kentucky: Cengage Learning South-Western.

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1. **Learning and teaching methods**

Total contact hours: 36

Private study hours: 114

Total study hours: 150

1. **Assessment methods**
   1. Main assessment methods

Group Written Essay (2000 words) (30%)

Examination, 2 hour (70%)

13.2 Reassessment methods

Like for like

1. **Map of module learning outcomes (sections 8 & 9) to learning and teaching methods (section12) and methods of assessment (section 13)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Module learning outcome** | *8.1* | *8.2* | *8.3* | *8.4* | *8.5* | *9.1* | *9.2* | *9.3* | *9.4* |
| **Learning/ teaching method** |  |  |  |  |  |  |  |  |  |
| Private Study | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |
| Lectures | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |  |
| Seminars | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |  |
| **Assessment method** |  |  |  |  |  |  |  |  |  |
| Essay | **X** | **X** | **X** |  |  | **X** | **X** |  | **X** |
| Exam | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** | **X** |

1. **Inclusive module design**

The School recognises and has embedded the expectations of current equality legislation, by ensuring that the module is as accessible as possible by design. Additional alternative arrangements for students with Inclusive Learning Plans (ILPs)/declared disabilities will be made on an individual basis, in consultation with the relevant policies and support services.

The inclusive practices in the guidance (see Annex B Appendix A) have been considered in order to support all students in the following areas:

a) Accessible resources and curriculum

b) Learning, teaching and assessment methods

1. **Campus(es) or centre(s) where module will be delivered**

Canterbury

1. **Internationalisation**

Finance is an international language and associated quantitative techniques will reflect this. The intended learning outcomes are applicable worldwide as part of the universal principles of Finance. With regard to subject content, the material within the syllabus has been developed for use within an international educational setting for students who will apply financial theories in a wide range of international contexts. The reading list also has references to international research. Our international teaching team is also diverse and international. Our support for students in KBS is also internationally attuned, given our international student body.

**FACULTIES SUPPORT OFFICE USE ONLY**

**Revision record – all revisions must be recorded in the grid and full details of the change retained in the appropriate committee records.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date approved | Major/minor revision | Start date of the delivery of revised version | Section revised | Impacts PLOs (Q6&7 cover sheet) |
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Revised FSO Jan 2018