COURSE DESCRIPTION

1. Information about the programme

1.1 Institution of higher education	**Alexandru Ioan Cuza University of Iasi**
1.2 Faculty	**Faculty of Economics and Business Administration**
1.3 Department	**Department of Finance, Money and Public Administration**
1.4 Field of study	**Finance**
1.5 Level	**Master**
1.6 Study programme/ Qualification	**Finance and Risk Management**

2. Information about the course

2.1 Course name	**Credit Risk Management**						
2.2 Course coordinator	**Prof. Alin Marius Andrieș**						
2.3 Seminar coordinator	**Prof . Alin Marius Andrieș**						
2.4 Year of study	**2**	**2.5** Semester	**3**	**2.6** Type of assessment	**EVP**	**2.7** Course status	**E**

* C – Compulsory / E - Elective

3. Total estimated time (hours alloted to teaching activities per semester)

3.1 Number of hours per week	**3**	of which: **3.2** lecture	**2**	**3.3** seminar/lab	**1**
3.4 Number of hours in the curriculum	**42**	of which: **3.5** lecture	**28**	**3.6** seminar/lab	**14**
Time distribution					hrs
Study of the textbook, coursebook, bibliography and lecture notes					**25**
Additional research in the library, online and on the field					**11**
Preparation of seminars/labs, homework, projects, portfolios and essays					**37**
Tutorials					**8**
Assessment					**2**
Other activities...................................					

3.7 Total number of self-study hours	**83**
3.8 Total number of hours per semester	**125**
3.9 Number of credits	**5**

4. Prerequisites (if applicable)

4.1 Curriculum-based	
4.2 Competence-based	

5. Conditions (if applicable)

5.1 For lectures	**General conduct and behavior** Students are expected to conduct themselves with consideration and respect for the needs of their fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable

	and students may be asked to leave the class. **Attendance** Your regular and punctual attendance at lectures and seminars is expected in this course.
5.2 For seminars / labs	**General conduct and behavior** Students are expected to conduct themselves with consideration and respect for the needs of their fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. **Attendance** Attendance is compulsory at minimum 80% of the seminars. In case of absence, the instructor should be informed in advance.

6. Specific competencies

Professional competencies	**C1. Analysis of the theoretical and practical aspects of financial markets, models, instruments that are used in the management of risks.** **C2. Adequate use of mathematical and statistical concepts, methods and techniques in assessing risks and performing independent research in finance.** **C3. Evaluation of the main risk factors for organizations and financial systems.** **C4**. Implementing effective financial management and reporting within the business environment to ensure value creation. **C5. Ensuring effective and appropriate governance and management of risk within an organization, in the context of an overall ethical framework.**
Transversal competencies	**CT1. Application of the professional ethical norms and values in decision-making and undertaking of complex professional tasks, independently or within a team.** **CT2. Human resources planning within a group or organization, in the context of awareness of own responsibility for professional outcomes.** **CT3**. Assuming the need for continuous development to create prerequisites for career progression and adapt own professional and managerial competencies to the economic dynamics.

7. Course objectives (provided by the specific competencies grid)

7.1. Main objective	This course provides an overview of credit risk and modern approaches to measuring and managing credit risk. Traditional and modern credit rating process will be discussed. The main approaches to credit risk management include contingent claim, credit migration, actuarial and reduced formed approaches. Portfolio management and credit risk mitigation techniques are also discussed. The course also includes a discussion of the most important aspects of the economics of capital as well as Basel regulatory capital framework.

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	On successful completion of this course you should be able to:
7.2. Specific objectives	▪ Explain the nature of credit risk and modern portfolio approach to measuring and managing credit risk; ▪ Appreciate the importance of capital adequacy, capital attribution and allocation, and the regulatory requirements; ▪ Discuss the features of retail credit risk management; ▪ Explain company funding strategies; ▪ Measure commercial credit risk using major industry-sponsored approaches; ▪ Examine the construction and uses of different credit mitigation techniques and instruments.

8. Content

8.1	Lectures	Teaching methods	Observations
1.	Introduction to credit risk management	Lecturing and class participation	2 hrs: C(1-3)
2.	Retail credit risk management	Lecturing and class participation	2 hrs: Reading given in BlackBoard
3.	Company funding strategies	Lecturing and class participation	2 hrs: C(4), Reading given in BlackBoard
4.	Company credit risk assessment	Lecturing and class participation	2 hrs: C(5-6)
5.	Company credit risk assessment	Lecturing and class participation	2 hrs: C(5-6)
6.	Credit risk measurement	Lecturing and class participation	2 hrs: C(9)
7.	Credit risk measurement	Lecturing and class participation	2 hrs: C(9)
8.	Measurement: Contingent claim approach	Lecturing and class participation	2 hrs: C(1-3)
9.	Measurement: Credit migration approach	Lecturing and class participation	2 hrs: (7.9, 8.6)
10.	Measurement: Actuarial and Reduced-formed approach	Lecturing and class participation	2 hrs: C(7, 8.6)
11.	Credit portfolio management	Lecturing and class participation	2 hrs: C(8)
12.	Credit portfolio management	Lecturing and class participation	2 hrs: C(8)
13.	Credit risk mitigation	Lecturing and class participation	2 hrs: C(12)
14.	The economics of capital	Lecturing and class participation	2 hrs: C(10)

Bibliography
Main readings:
▪ Colquitt, J. (2007), Credit risk management: How to avoid lending disasters and maximize earnings. McGraw-Hill. (C)
Additional readings:
▪ Crouhy, M., Galai, D., Mark, R. (2001), Risk Management. McGraw-Hill. (CGM)
Other readings such as cases, simulations, journal papers, press articles will be provided periodically throughout the course via FEAA eLearning platform, e-mail or handed-in in class.

8.2	Seminars / Labs	Teaching methods	Observations (hours & readings)
1.	Introduction to credit risk management	Small group discussion, Simulation, Random calling	2hrs: C(1-3)
2.	Company credit risk assessment	Small group discussion, Simulation, Random calling	2hrs: C(5,6)
3.	Credit risk measurement	Small group discussion, Simulation, Random calling	2hrs: C(5,6)
4.	Credit portfolio management Case Studies Presentations	Small group discussion, Presentations	2hrs: C(8), Case study provided through Blackboard
5.	Credit risk mitigation Case Studies Presentations	Small group discussion, Presentations	2hrs: C(12), Case study provided through Blackboard
6.	Case Studies Presentations	Small group discussion, Presentations	2hrs: Case study provided through Blackboard
7.	Case Studies Presentations	Small group discussion, Presentations	2hrs: Case study provided through Blackboard

Bibliography
▪ Colquitt, J. (2007), Credit risk management: How to avoid lending disasters and maximize earnings. McGraw-Hill. (C)
Other readings such as cases, simulations, journal papers, press articles will be provided periodically throughout the course via FEAA eLearning platform, e-mail or handed-in in class.

9. Corroboration of the course content with the expectations of community representatives, professional associations and representative employers from the programme's related field

This course provides students with the core knowledge, skills, and abilities that are generally accepted and applied by finance and investments professionals throughout the world. Topics are selected in accordance to the requirements of Charted Financial Analyst (CFA) and Professional Risk Manager (PRM) world-leading certifications for finance and risk management, to offer the adequate preparation for CFA and PRM exams.
The course content is correlated to that of similar courses taught at renowned universities and is continuously updated based on the feedback of students and alumni.
Moreover, this is a student-centered course that follows the best practices of learning and teaching in graduate education through the adoption of a variety of active-learning instructional methods.

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10. Assessment

Type of activity	10.1 Assessment criteria	10.2 Assessment methods	10.3 Weight in final grade (%)
10.4 Lectures	**Coverage:** topics covered in the lectures from week 1 to week 14. **Criteria:** ▪ Depth of explanation of relevant theoretical and practical aspects of credit risk; ▪ Accuracy of solving of a credit risk management application.	**Final exam** (multiple-choice, calculation questions and open questions)	60%
10.5 Seminars/ Labs	Active attitude during class, giving comments to fellow students etc.	**Active Participation**	10%
	Quality of presentation and accuracy of solutions	**Case study and Individual assignments**	30%
10.6 Minimum performance standard			
▪ Demonstration of the capability to identify, analyze and interpret in considerable depth relevant theories and practical information on credit risk management, taking the responsibility for tasks specific to the role in a team. ▪ Correct answers provided to at least half of questions in the final written examination. ▪ A minimum passing grade of 5, computed as $F = 0.6 \times E + 0.1 \times AP + 0.3 \times CS$, where F – final grade, E – final exam grade, AP – active participation, CS – case study and individual assignments.			

Date   Course Coordinator   Seminar Coordinator
14.09.2023   Prof. Alin Marius ANDRIEȘ   Prof. Alin Marius ANDRIEȘ

Date of approval   Head of Department
26.09.2023   Prof. Ovidiu STOICA

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