



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

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

7.1. Main objective	This course offers a general approach on the topic of operational risk. As many different industries use the term operational risk and deploy techniques to identify and quantify such risk, the course will provide an overview of how this concept prevails in various industries today. The greatest activity and interest in Operational Risk occurs in the financial services industry. Therefore, specific emphasis will be given to the consideration of operational risk in financial services, as motivated by the Basel II agreements. A framework for identifying, assessing and managing operational risk will be presented.
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7.2. Specific objectives	<p>At the completion of this course students should be able to:</p> <ul style="list-style-type: none"> • Explain the regulatory framework for operational risk. • Analyze operational risk using qualitative assessment methodologies. • Analyze the different modelling methods used to measure operational risk. • Assess the various ways to manage or mitigate operational risk. • Analyze operational risk in a financial institution. • Analyze real-case operational risk issues.
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8. Content

8.1	Lectures	Teaching methods	Observations
1.	Introduction to operational risk management	Lecturing and class participation	2 hrs: M(4), CRF(1,2)
2.	Introduction to operational risk management	Lecturing and class participation	2 hrs: M(4), CRF(1,2)
3.	The Taxonomy of Operational Risk	Lecturing and class participation	2 hrs: M(5)
4.	The Taxonomy of Operational Risk	Lecturing and class participation	2 hrs: M(5)
5.	Operational risk in Basel Accord	Lecturing and class participation	2 hrs: M(2,3), CRF(3)
6.	Operational risk in Basel Accord	Lecturing and class participation	2 hrs: M(2,3), CRF(3)
7.	Modeling and Measuring Operational Risk: General Principles	Lecturing and class participation	2 hrs: M(6), CRF(4)
8.	Modeling and Measuring Operational Risk: General Principles	Lecturing and class participation	2 hrs: M(6), CRF(4)
9.	Modeling and Measuring Operational Risk: General Principles	Lecturing and class participation	2 hrs: M(6), CRF(4)
10.	Modeling and Measuring Operational Risk: Implementing the AMA	Lecturing and class participation	2 hrs: M(7), CRF(4)
11.	Modeling and Measuring Operational Risk: Implementing the AMA	Lecturing and class participation	2 hrs: M(7), CRF(4)
12.	Reduction of Operational Risk	Lecturing and class participation	2 hrs: M(8)
13.	Reduction of Operational Risk	Lecturing and class participation	2 hrs: M(8)
14.	Reduction of Operational Risk	Lecturing and class participation	2 hrs: M(8)



**Bibliography****Main readings:**

- Moosa, Imad A. (2007), Operational Risk Management. Palgrave Macmillan (M)
- Chernobai, Anna, Rachev, Svetlozar, Fabozzi, Frank (2007), Operational Risk - A Guide to Basel II Capital Requirements, Models, and Analysis. John Wiley & Sons (CRF)

Additional readings:

- BIS (2011), Principles for the Sound Management of Operational Risk. Basel Committee on Banking Supervision (BIS)

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 operational risk management	Small group discussion, Simulation, Random calling	2 hrs: M(4), CRF(1,2)
2.	Identification Tools	Small group discussion, Simulation, Random calling	2 hrs: M(5)
3.	Case Studies Presentations	Small group discussion, Presentations	2 hrs: PRMIA case study
4.	Case Studies Presentations	Small group discussion, Presentations	2 hrs: PRMIA case study
5.	Risk Measurement and Analysis	Small group discussion, Simulation, Random calling	2 hrs: M(7), CRF(4)
6.	Risk Measurement and Analysis	Small group discussion, Simulation, Random calling	2 hrs: M(7), CRF(4)
7.	Risk Management Actions	Small group discussion, Simulation, Random calling	2 hrs: M(8)

Bibliography**Main readings:**

- Moosa, Imad A. (2007), Operational Risk Management. Palgrave Macmillan (M)
- Chernobai, Anna, Rachev, Svetlozar, Fabozzi, Frank (2007), Operational Risk - A Guide to Basel II Capital Requirements, Models, and Analysis. John Wiley & Sons (CRF)

Additional readings:

- BIS (2011), Principles for the Sound Management of Operational Risk. Basel Committee on Banking Supervision (BIS)
- PRMIA Case studies (<http://www.prmia.org/risk-resources/case-studies>)

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 Chartered 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.



**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: <ul style="list-style-type: none">▪ Depth of description of relevant theoretical and practical aspects of operational risk▪ Accuracy of identification and solving of an operational risk management application	Final exam (multiple-choice, true-false 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			
<ul style="list-style-type: none">▪ Demonstration of the capability to identify, analyze and interpret in considerable depth relevant theories and practical information on operational 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
14.09.2023

Course Coordinator
Prof. Alin Marius ANDRIEȘ

Seminar Coordinator
Prof. Alin Marius ANDRIEȘ

Date of approval
26.09.2023

Head of Department
Prof. Ovidiu STOICA

