

## Course Form for PKU Summer School International 2024

<b>Course Title</b>	Title in English: Enterprise Risk Management
	Title in Chinese: 企业全面风险管理
<b>Teacher</b>	Dr. Kai Chen
<b>First day of classes</b>	July 1, 2024
<b>Last day of classes</b>	July 12, 2024
<b>Course Credit</b>	2 credits
<b>Course Description</b>	
<b>Objective:</b>	
<p>Enterprise risk management is a complex yet critical issue that all companies must deal with as they head into the twenty-first century. It empowers you to balance risks with rewards as well as people with processes. To master the numerous aspects of enterprise risk management, you must first realize that this approach is not only driven by sound theory but also by sound practice.</p> <p>This course is based on the framework of Enterprise Risk Management. It also introduces the models and applications of Enterprise Risk Management. The scheme of the course is followed by introduction, reform, model, application and future of Enterprise Risk Management.</p> <p>It requires students not only to understand the concepts and framework of Enterprise Risk Management, but also to master the risk management model and applications in the real world. Students are required to finish a group project and present the report at the end of the course.</p>	
<b>Pre-requisites /Target audience</b>	
Risk Management, Finance	
<b>Proceeding of the Course</b>	
The course will be delivered through a mix of lectures, student presentations and class discussions. Students' participation is strongly encouraged.	
<b>Assignments (essay or other forms)</b>	
<p>There are some reading assignments after the class occasionally in order to discuss with teacher and other students in the class.</p> <p>At the end of the course, students will be required to submit an essay based on risk management topics discussed in the semester. Students also need to present their essay in the last class.</p>	

**Evaluation Details**

- a) Course report (Essay 60%): The class group is assigned based on the enrolled students. It requires each group finish the project independently. The projects mainly test students the understanding about the basic concepts of ERM and the ability to implement Enterprise Risk Management models.
- b) Course report (Presentation 20%): Students are required to present their results at the end of semester in English. It mainly tests students their logics and abilities in expression. (We don't grade on the English grammar and pronunciation.)
- c) Class performance (20%): There will be some literatures for students after class. Students are required to read them and discuss in the class. Grades will be based students' performance in the class.

**Text Books and Reading Materials**

- a) Enterprise Risk Management: From Incentives to Controls. James Lam, 2014, Wiley Press.
- b) The Essentials of Risk Management, Second Edition, Michel Crouhy, Dan Galai, Robert Mark, 2014, McGraw-Hill Education.
- c) Some reading materials will be distributed in the class.

**Academic Integrity (If necessary)**

**CLASS SCHEDULE**

(Subject to adjustment)

Session 1: *Introduction to Enterprise Risk Management (4 hours)*

Date:

**【Description of the Session】 (purpose, requirements, class and presentations scheduling, etc.)**

This session discusses the basic concept of risk management and enterprise risk management. It starts with a basic introduction of the risk management. And then it will analyze the benefit of the risk management. After that, some cases will be reviewed and summarize the lessons we have learned from those mistakes.

**【Questions】**

What is the benefit of risk management? Why enterprises need risk management? What lesson we have learnt? What is the difference between risk management and ERM?

<p><b>【Readings, Websites or Video Clips】</b>  <b>Enterprise Risk Management: From Incentives to Controls. Chapter 1,2,3</b></p>	
<p><b>【Assignments for this session (if any)】</b></p>	
<p>Session 2: <i>Enterprise Risk Management Framework (6 hours)</i></p>	<p>Date:</p>
<p><b>【Description of the Session】 (purpose, requirements, class and presentations scheduling, etc.)</b>                  In this session, we will start to discuss the framework of ERM. There are seven parts of the framework of ERM. We will learn the concepts of those parts and their relationships.</p>	
<p><b>【Questions】</b>                  List all seven parts of the framework of the ERM. What is the relationship between those parts? Which one is the top priority in the ERM framework? List some approaches of the alternative risk transfer. What are the risk analytics approach with respect to different types of risks?</p>	
<p><b>【Readings, Websites or Video Clips】</b>  <b>Enterprise Risk Management: From Incentives to Controls. Chapter 4-11</b></p>	
<p><b>【Assignments for this session (if any)】</b></p>	
<p>Session 3: <i>Enterprise Risk Management Applications (18 hours)</i></p>	<p>Date:</p>
<p><b>【Description of the Session】 (purpose, requirements, class and presentations scheduling, etc.)</b>                  Discuss the risk management approaches on different types of risks, such as market risks, credit risks, and operational risks. This session will start from the credit risk management. It introduces risk migration, KMV, and Credit Risk+. And then, it introduces market risk management approaches and discuss how to calculate risk measures.</p>	
<p><b>【Questions】</b>                  How many types of risks need to be managed in practice? Why do we need manage the credit risk, market risk, and operational risk? What is the risk rating, risk matrix, and risk migration? Are there any limitation on the KMV approach? How to manage the market risk? How to calculate the risk measures?</p>	
<p><b>【Readings, Websites or Video Clips】</b>  <b>Enterprise Risk Management: From Incentives to Controls. Chapter 12,13,14</b></p>	

**【Assignments for this session (if any)】**

Session 4: *The Future of Enterprise Risk Management (2 hour)*

Date:

**【Description of the Session】 (purpose, requirements, class and presentations scheduling, etc.)**

Introduce the future development of the enterprise risk management. Use some cases to discuss the development trend of the ERM.

**【Questions】**

What do you think the key point of the ERM? Facing some innovative risks, how to integrate this risk management into the ERM framework?

**【Readings, Websites or Video Clips】**

Some articles will be delivered.

**【Assignments for this session (if any)】**