



## Course and Examination Fact Sheet: Autumn Semester 2017

### 9,150: Systemic Risk

ECTS credits: 4

### Overview examination/s

(binding regulations see below)

Decentral - Written examination (60%, 60 mins.)

Decentral - Group examination paper with presentation (all given the same grades) (40%)

### Attached courses

Timetable -- Language -- Lecturer

[9,150,1.00 Systemic Risk](#) -- Englisch -- [Rinaldo Angelo](#)

### Course information

### Course prerequisites

The prerequisite topics are the compulsory courses of the Master in Banking & Finance.

The course is recommended for MBF-students in their third semester of the program.

### Course content

This course is concerned with systemic risk and financial stability. After dealing with the basic concepts of systemic risk, we study asset bubbles including stock, housing, and credit bubbles. We analyze the recurrent features of an asset bubble, their theoretical models, and some empirical evidence. The second part of the course treats the modern financial systems. The main objective is to understand the global nature and interconnectedness of financial institutions, the distinction between commercial and investment banks, and the “shadow banking system”, which includes money market funds, repo and OTC derivative traders, hedge funds, mutual funds, ETFs, rating agencies and government-sponsored enterprises. The third part of the course is about bank runs and contagion. We start with the classical definition of contagion as a sun-spot phenomenon before moving to more recent types of amplification mechanisms including the direct transmission between borrowers and lenders as well as indirect effects such as fire-sales and illiquidity spirals. In the fourth part, we address the question how to measure systemic risk. We discuss data issues, how to get reliable indicators, and how to interpret them. We also review the current methods to assess systemic risk including stress tests, CoVaR, Risk Networks and SRISK/MES. The final part of the course focuses on policy-making. We discuss the main micro-prudential and macro-prudential regulation policies and how conventional and unconventional monetary policy contributes to decreasing or increasing systemic risk. During the course, we will pay particular attention to the Swiss case, i.e. the Swiss policy in terms of “Too Big To Fail” and Swiss “SIFIs” (Systemically Important Financial Institutions).



## Course structure

Definitions  
Asset Bubbles and Financial crisis  
Modern financial system and shadow banking  
Bank run and contagion  
Measurement of systemic risk  
Monetary policy  
Microprudential and macroprudential regulatory policy  
The Swiss case (Guest Speakers) from the Swiss National Bank and FINMA  
Group presentations  
Exam

## Course literature

Since there is no comprehensive textbook on systemic risk, the main teaching material will be our slides and the research papers discussed in class. Additionally, we will rely on the following references:

- Acharya, V., T. Cooley, M. Richardson and I. Walter (co-editors) (2010): "Regulating Wall Street: The Dodd-Frank Act and the New Architecture of Global Finance", New York University Stern School of Business, John Wiley and Sons, November 2010.
- Biais, D., M. Flood, A. W. Lo and S. Valavanis (2012): "A Survey of Systemic Risk Analytics", Office of Financial Research, Working Paper #0001.
- Brunnermeier, Markus K., and Martin Oehmke (2013): "Bubbles, Financial Crises and Systemic Risk" in George M. Constantinides, Rene Stulz and Milton Harris (eds.), Handbook of Finance and Economics, Vol. 2B, Chapter 18, pp. 1221-1288.
- Dewatripont, Mathias, Xavier Freixas and Richard Portes (co-editors) (2009): "Macroeconomic Stability and Financial Regulation: Key Issues for the G20", CEPR, March 2009, pp. xii + 178.
- French et al., (2010): "The Squam Lake Report: Fixing the Financial System". Princeton University Press.
- Reinhart, Carmen M., and Kenneth S. Rogoff (2011): "This Time is Different Eight Centuries of Financial Folly", Princeton University Press, ISBN: 978-0691142166.
- U.S. Government (2011): "The Financial Crisis", Inquiry Report U.S. Government Printing Office, Washington, DC 20402-0001, ISBN 978-0-16-087727-8.
- Freixas, Laeven, Pedro (2015), Systemic Risk, Crises, and Macroprudential Regulation, MIT Press, London, UK ISBN: 978-0-262-02869



## Additional course information

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## Examination information

### Examination sub part/s

#### 1. Examination sub part (1/2)

##### Examination time and form

Decentral - Written examination (60%, 60 mins.)

##### Remark

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##### Examination-aid rule

Open Book

Students are free to choose aids but will have to comply with the following restrictions:

- At such examinations, all the pocket calculators of the Texas Instruments **TI-30 series** are admissible. Any other pocket calculator models are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as electronic dictionaries, notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

##### Supplementary aids

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##### Examination languages

Question language: English

Answer language: English

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#### 2. Examination sub part (2/2)

##### Examination time and form

Decentral - Group examination paper with presentation (all given the same grades) (40%)

##### Remark

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##### Examination-aid rule

Term papers

- Term papers must be written without anyone else's help and in accordance with the known quotation standards, and they must contain a declaration of authorship.
- The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the APA or MLA standards. The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into the text in accordance with the precepts of the applicable quotation standard, while informative and bibliographical notes must be added as footnotes (recommendations and standards can be found, for example, in METZGER, C. (2015), Lern- und Arbeitsstrategien (11th ed., 4th printing). Aarau: Sauerländer).
- For any work written at the HSG, the indication of the page numbers both according to the MLA and the APA standard is never optional.



- Where there are no page numbers in sources, precise references must be provided in a different way: titles of chapters or sections, section numbers, acts, scenes, verses, etc.
- For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B. (2014, Juristisches Arbeiten: Eine Anleitung für Studierende (5. Auflage), Zürich: Schulthess, or the recommendations of the Law School).

## Supplementary aids

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## Examination languages

Question language: English

Answer language: English

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## Examination content

The exam covers all topics discussed during the lectures.

The main objective of the group work is to apply the concepts learned in the SR course in a case study. The teachers will propose a list of topics, but students are encouraged to propose their own ideas. More detailed information and guidelines will be provided at the beginning of the course.

## Examination relevant literature

The compulsory literature for the exam is the teaching material used during the lectures.



### Please note

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members' personal databases, information provided in lectures, etc.

When will the fact sheets become binding?

- Information about courses and examination time (central/decentral and grading form): from the start of the bidding process on 24 August 2017
- Information about decentral examinations (examination-aid rule, examination content, examination relevant literature): after the 4th semester week on 16 October 2017
- Information about central examinations (examination-aid rule, examination content, examination relevant literature): from the start of the enrolment period for the examinations on 06 November 2017

Please look at the fact sheet once more after these deadlines have expired.