



Course and Examination Fact Sheet: Spring Semester 2021

8,164: Banking and Insurance Regulation, Supervision, and Risk Management

ECTS credits: 2

Overview examination/s

(binding regulations see below)

Decentral - Active participation (5%)

Examination time: term time

Decentral - Presentation (individual) (80%)

Examination time: term time

Decentral - examination paper written at home (individual) (15%)

Examination time: term time

Attached courses

Timetable -- Language -- Lecturer

[8,164.1.00 Banking and Insurance Regulation, Supervision, and Risk Management](#) -- Englisch -- [Grünbichler Andreas](#)

Course information

Course prerequisites

None.

Learning objectives

Critical review of the regulatory framework for financial institutions.

Holistic view on how regulation affects the business model for financial institutions including politically economic aspects, institution economics and theory of finance aspects.

Course content

The international regulatory framework for financial institutions has tremendously changed over the last years starting with turmoils in financial markets first with the subprime mortgage crisis in the US followed by the sovereign debt crisis in Europe. As a further consequence of the crises, the need to revisit current risk management techniques and business models of financial institutions has become apparent.

This course provides a holistic overview of the global regulatory system and the supervisory framework in the banking and insurance industry. We will also enter into a debate about the proper role of government and central banks in the financial services industry. In addition we will discuss the economic capital model and its limitations on how it can be used for risk management and regulatory purposes.

The course starts with the principles of regulation. We will describe the main institutional arrangements for international co-operation in the financial services industry and focus on topics like the "Too Big to Fail" issue and "Systemically Important Financial Institutions". Lessons learned from the financial crisis 2007 in the US and the European sovereign debt crisis are another important aspect of the course. We will also have a critical discussion of the regulatory framework, its efficiency, and its impact on the business model of financial institutions. The Basel Capital Framework for banks, including the latest development on the Basel Capital Model will be evaluated in class, as well as the two main solvency regimes for insurance companies (Solvency II and the Swiss Solvency Test).

In addition to classroom participation (the course will be conducted online via Microsoft Teams), students will give an individual presentation which needs to be recorded and handed in together with a summary of the topic in form of power point slides. The literature for the individual presentation will be available on the Intranet. Students are encouraged to look at the topic of interest



before the intramural part starts.

The course is based on a pure online scenario. If the COVID19 situation permits something else, a hybrid form of the course will be provided; the three examination parts however (classroom participation, individual presentation and written summary of the presentation topic in form of power point slides) will remain in place. The lecturer informs via StudyNet and e-mail on any changed implementation modalities of the course.

Course structure

1. The Principles of Bank Regulation
2. Regulation and Supervision: Concepts, Institutions, and Committees
3. The Financial Crisis 1.0 (2007ff) and 2.0 (2011ff)
4. Economic Capital Models and Value at Risk (VaR)
5. The Basel Framework for Banks
6. Solvency Requirements for Insurer

Course literature

Heidi M. Schooner, Michael W. Taylor (2009): *"Regulation of Global Banking: Principles and Policies"*, Elsevier. [Chapter 1-11; 14-16]

KPMG (1997): *"VAR - Understanding and Applying Value-at-Risk"*, Risk Publications, p. 27-30.

R.S. Kroszner (2001): *"The motivations behind banking reform"*, In: Regulation, 24, p. 36-41.

Swiss Re (2010): *"Regulatory Issues in Insurance"*, Sigma Papers, N°3/2010.

Additional course information

In the case of the President's Board having to implement new directives due to the SARS-CoV-2 pandemic in SpS2021, the course information listed above will be changed as follows:

- The course is conducted online via Microsoft Teams.
- The recordings of the course will not be saved.
- The lecturer informs via StudyNet and e-mail on the changed implementation modalities of the course.

The examination information listed below would be changed as follows:

///There are no changes necessary to the examination information///.

Examination information

Examination sub part/s

1. Examination sub part (1/3)

Examination time and form

Decentral - Active participation (5%)

Examination time: term time

Remark

Active class participation via Microsoft Teams.

Examination-aid rule

Practical examination

No examination-aid rule is necessary for such examination types. The rules and regulations of the University of St. Gallen apply in a subsidiary fashion.

Supplementary aids



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Examination languages

Question language: English

Answer language: English

2. Examination sub part (2/3)

Examination time and form

Decentral - Presentation (individual) (80%)

Examination time: term time

Remark

Presentation is based on course relevant topics.

Examination-aid rule

Presentations

In presentations, aids for visual presentation can be used. These aids can be specified or restricted by the lecturers.

Supplementary aids

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Examination languages

Question language: English

Answer language: English

3. Examination sub part (3/3)

Examination time and form

Decentral - examination paper written at home (individual) (15%)

Examination time: term time

Remark

Power point slides of the presentation topic.

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 which is a published template in StudentWeb.

The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the chosen citation standard such as APA or MLA.

For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B., *Juristisches Arbeiten: Eine Anleitung für Studierende*, newest edition respectively, or according to the recommendations of the Law School).

The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into texts 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., *Lern- und Arbeitsstrategien*, newest edition respectively).

For any work written at the HSG, the indication of the page numbers is mandatory independent of the chosen citation standard. 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.

Supplementary aids

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Examination languages

Question language: English

Answer language: English

Examination content

1. The Principles of Bank Regulation
2. Regulation and Supervision: Concepts, Institutions, and Committees
3. The Financial Crisis 1.0 (2007ff) and 2.0 (2011ff)
4. Economic Capital Models and Value at Risk (VaR)
5. The Basel Framework for Banks
6. Solvency Requirements for Insurer
7. Individual Presentation Topic

Examination relevant literature

Heidi M. Schooner, Michael W. Taylor (2009): *"Regulation of Global Banking: Principles and Policies"*, Elsevier. [Chapter 1-11; 14-16]

KPMG (1997): *"VAR - Understanding and Applying Value-at-Risk"*, Risk Publications, p. 27-30.

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Please note

Please note that only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW21) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 12 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 04 (Thursday, 28 January 2021);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 12 (Monday, 22 March 2021);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 12 (Monday, 22 March 2021);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 14 (Thursday, 8 April 2021).