

**PhD and advanced Master's Mini-course:
An Introduction to Bank Risk Management**

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May 13-17, 2013, Copenhagen Business School

Course description

This course offers an introduction to bank risk management. This is a five-day, 15-hour intensive course. The topics will include: Multiple businesses found in a modern money-center bank or similar SIFIs (Systemically Important Financial Institutions), multiple sources of risk facing a bank, organizational and psychological factors that influence risk management at a bank, examples of bank failures, sources of risk including trading, fraud, liquidity, systemic, cyber, recruiting and reputational risks, risk warning signs, analytics, data requirements, incentive practices, regulations, and organizational structures for more effective bank risk management.

Course aim

The aim of this course is to provide sufficient background to begin an exploration of the forces that impact market dynamics. The intention is that the participants leave with a good appreciation that there is a dynamic interaction between the many agents. Developing effective risk control policies requires an understanding of motivations, perceptions, and constraints that shape the actions of the agents. While there is a good deal of readings, much of the lecture will be based upon the course instructor's 25 years of experience. It is expected that the participants are active during the course.

Schedule

The course takes place May 13-17, 2013. Lectures will be held from 9.00-10.30 and 11.00-12.30, coffee break 10.30-11.00.

Venue

The course takes place at Copenhagen Business School, Solbjerg Plads 3, 2000 Frederiksberg.
Room: SP212.

Readings

Please find below the reading list for each of the five days. Participants are expected to have read and be prepared to discuss the papers prior to class.

Day 1

1. Andrew Lo, *Fear, Greed, and Financial Crises: A Cognitive Neurosciences Perspective*.
2. David Colander, et al., *The Financial Crisis and the Systemic Failure of Academic Economics*.
3. Saule T. Omarova, *The Merchants of Wall Street: Banking, Commerce, and Commodities*, pp. 2-8, 26-42.
4. United States Senate, Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, *JPMorgan Chase Whale Trades: A Case History of Derivatives Risks and Abuses*, pp. 1-13, 96-301. (Note: This is an easy read. It reads like a novel.)

Day 2

1. Gary Gordon and Andrew Metrick, *Securitized Banking and the Run on Repo*, pp. 1-19.
2. Anton R. Valukas, *United States Bankruptcy Court, Southern District of New York*, In re Lehman Brothers Holdings, Inc., et al.
Vol 1, III A.1 pp. 43-95
Vol 3, III A.4.a-III A.4.d pp. 732-800
Vol 4, III A.6 pp. 1482-1534

Day 3

1. Comptroller of the Currency, Appendix B to Part 3 – Risk-Based Capital Guidelines; Market Risk Adjustment
2. Amir Amel-Zadeh, et al., *Bank failure, mark-to-market and financial crisis*, pp. 1-47
3. Urooj Khan, *Does Fair Value Accounting Contribute to Systemic Risk in the Banking Industry*, pp. 32-34 (Conclusion)
4. Scott G. Alvarez, Statement before the Committee on Financial Services, U.S. House of Representatives, pp. 1-7
5. Larry Eisenberg and Thomas H. Noe, *Systemic Risk in Financial Systems*, Management Science, Vol. 47, No. 2, February 2001, pp. 236-249

Day 4

1. Kenneth A. Bamberger, *Technologies of Compliance: Risk and Regulation in a Digital Age*, pp. 669-739
2. Guy Ford and Maike Sundmacher, *Leading Indicators for Operational Risk: Case Studies in Financial Services*, pp. 1-14
3. Guido Palazzo and Lena Rethel, *Conflicts of Interest in Financial Intermediation*, pp. 193-207
4. Jeremy Berkowitz, et al. *Evaluating Value-at-Risk Models with Desk-Level Data*, pp. 2213-2215

5. Winfried Blaschke, et. al. *Stress Testing of Financial Systems: An Overview of Issues, Methodologies, and FSAP Experiences*, pp. 1-40
6. Robert Barr, *Bank Scandals Tarnish London's Reputation*, (GARP), pp. 1-3
7. J.P. Morgan, Jr , *First-class business in a first-class way*

Day 5

Michiel Bijlsma, et al., *Competition for Traders and Risk*, pp. 1-6

James Crotty, *Profound Structural Flaws in the US Financial System that Helped Cause the Financial Crisis*, pp. 127-129, 131-135

Acharya, et al., *The Dodd-Frank Wall Street Reform and Consumer Protection Act: Accomplishments and Limitations*, pp. 43-56

Gideon Chitayat, *The Role of the Board of Directors in Practical Terms*, pp. 71-77

Rudiger Fahlenbrach, et al., *This Time Is the Same: Using Bank Performance in 1998 to Explain Bank Performance during the Recent Crisis*, pp. 2139-2185

Course Instructor

The course instructor is Joe Langsam, Policy Fellow, Center for Financial Policy, Smith School of Business and Former Morgan Stanley Managing Director, PhD.

Participation

If you would like to participate in this course, please send a short application stating why this course is relevant and include your CV. Send your application in an email entitled '**Joe Langsam Mini-course**' to Julie de Molade, fric@cbs.dk.

Please note that we have extended the deadline to May 1, 2013.

Credit units: 5 ECTS points