

## **PAPER – 6A : RISK MANAGEMENT**

*(One paper – Three hours – 100 Marks)*

### **Objective:**

- (a) To gain knowledge and an insight into the spectrum of risks faced by businesses and to learn techniques of managing risks.
- (b) To build capability for applying such learning to address risk related issues in real-business scenarios.

### **1. Introduction to risk**

- (i) The Concept of Risk
- (ii) Risk and Uncertainty: Distinction
- (iii) Classification of Risks
- (iv) Dynamic Nature of Risks
- (v) Types of Risk, including
  - a) Strategic and Operational Risks
  - b) Business Risk
  - c) Financial Risk
  - d) Information Risk
  - e) Liquidity Risk

### **2. Source and evaluation of risks**

- (i) Identification and Sources of Risk
- (ii) Quantification of Risk and various methodologies
- (iii) Impact of Business Risk
- (iv) Identify and assess the impact upon the stakeholder involved in Business Risk
- (v) Role of Risk Manager and Risk Committee in identifying Risk

### **3. Risk management**

- (i) Concept of Risk Management
- (ii) Objective and Process of Risk Management
- (iii) Importance of Risk Management
- (iv) Risk Management techniques

#### **4. Evaluation of Risk Management Strategies**

- (i) Risk Management Strategy alignment with Business Strategy
- (ii) Internal Control environment and linkages with Risk Management
- (iii) Risk Culture and attitudes to risk management
- (iv) Integrated Risk Reporting and Stakeholder responsibilities
- (v) IT Risk Management – Disaster Recovery

#### **5. Risk model**

- (i) VAR
- (ii) Stress Testing
- (iii) Scenario Analysis
- (iv) Country and Sovereign Risk Models and Management

#### **6. Credit risk measurement and management**

- (i) Understanding the component of credit risk
- (ii) Evaluating credit risk
- (iii) Mitigating Credit risk
- (iv) Qualitative and Quantitative techniques to manage risk
- (v) Credit scoring models

#### **7. Risk associated with corporate governance**

- (i) Evaluation of Risk Associated with Governance
- (ii) Description and evaluation of framework for Board level consideration of risk
- (iii) OECD Guidelines for Corporate Governance

#### **8. Enterprise Risk Management**

Definition, Scope and Techniques

#### **9. Operational Risk Management**

Definition, Scope and Techniques

**Following topic are covered in the paper of Financial Management (Paper 8 Part A, Intermediate Level) and Strategic Financial Management (Paper – 2, Final Level) also forms the part of the syllabus**

- Risk Analysis in Capital Budgeting Decisions
- Foreign Exchange Risk
- Interest Rate Risk