

Dissertation Seminar
EMPIRICAL BANKING AND FINANCIAL INSTITUTIONS MANAGEMENT

Academic Year: **2017/2018**

Semester: **1st**

Instructor(s): **Diptes Bhimjee**

Max. Number of Students: **6**

Seminar Description

The Dissertation Seminar is intended for Research Masters Students pursuing their Research Dissertations addressing highly specialised empirical topics in the field of Empirical Banking and/or Financial Institutions Management.

The Dissertation Seminar essentially addresses how banking risks can be properly measured, managed, and regulated. BASEL III and Stress testing procedures are also described, allowing students to conduct a fully integrated review of banking risks in their Dissertations.

Seminar Content

The overall session topics addressed by the Research Seminar include:

- i) introduction to financial and academic databases and writing a successful Dissertation
- ii) overview of the global banking industry and financial regulation
- iii) the measurement and management of banking risks
- iv) specific risk measurement and management models
- v) BASEL III and stress-testing procedures in banking institutions

Attendance policy: As per existing University regulations, Students must be at CLSBE for the attendance of the sessions, without the possibility of participating remotely.

Seminar Objectives

The Dissertation Seminar is intended to help Students address their Dissertations (which should be written in English). Examples of successful Dissertations might include (brief selection of TOPICS):

- A credit risk assessment of Bank A
- The exposure and management of interest rate risks at Bank B
- The implementation of stress tests in Bank C
- The application of the VaR methodology to Bank D
- BASEL III: an application to Bank E
- A case study in securitized operations in Bank F
- Financial risk assessment in Bank G (or in a global company H)
- The impact of banking regulations in the banking industry of Country I

Indicative Bibliography / Recommended Textbook(s) / Additional Readings

- Allen, F., and Carletti, E., 2012. The Roles of Banks in Financial Systems. In: Allen N. Berger, Philip Molyneux, and John O.S. Wilson, eds. *The Oxford Handbook of Banking*. Second edition. United Kingdom: Oxford University Press, pp. 27-46.
- Bessis, J., 2015. *Risk Management in Banking*. Fourth edition. United Kingdom: John Wiley & Sons.
- Casu, B, Girardone, C., and Molyneux, P., 2015. *Introduction to Banking*. Second edition. United Kingdom: Pearson Education Limited.
- Cihak, M., 2007. Introduction to Applied Stress Testing. [Online]. Available: <https://www.imf.org/external/pubs/cat/longres.aspx?sk=20222.0> [viewed 12 February 2017].
- Chowdhry, M., 2013. *An Introduction to Credit Derivatives*. Second edition. United Kingdom: Elsevier.
- Fabozzi, F.J., 2008. *Handbook of Finance*. United States of America: John Wiley & Sons.
- Hull, J.C., 2015. *Risk Management and Financial Institutions*. Fourth edition. United States of America: John Wiley & Sons, Inc.
- Mishkin, F.S., 2015. *The Economics of Money, Banking, and Financial Markets*. Eleventh edition. England: Pearson Education Limited.
- Saunders, A., and Cornett, M.M., 2014. *Financial Institutions Management: A Risk Management Approach*. Sixth edition. United States of America: McGraw-Hill Higher Education.

Biography

Diptes Bhimjee received his Ph.D. in Economics in 2014 from ISCTE-IUL Business School. His empirical Ph.D. Thesis addresses the Global Financial Crisis of 2007-2008. He also holds a Masters Degree in Monetary and Financial Economics from ISCTE-IUL, and a 'Licenciatura' in Economics from U.C.P.

His academic research interests address the following research topics: Financial Crises and Financial Stability, Financial Institutions, Governance and Public Debt, Early Warning Systems, and Macroprudential Regulation. He has also published in leading international peer-reviewed journals in Finance and Economics. He is presently 'Investigador Associado' at DINÂMIA'CET-IUL.

Contact(s) and Office Hours

Email: To be announced.

Office hours are fully available on request (by appointment).

Schedule

The Research Seminar Syllabus is composed of 4 sessions, each session lasting 3 hours. The Sessions' contents are as follows:

SESSION 1 (Date: September, the 4th, 2017; time: 17.00h – 20.00h)

Topic 1: Introduction to essential academic and financial databases (academic: B-ON, SCOPUS, SSRN, REPEC; financial: Compustat, Datastream, Bloomberg, Reuters)* [*subject to databases recommended by Católica]

Topic 2: Overview of scientific writing and a review of key structural features associated with empirical academic articles; examples of successful Dissertations pursued at Católica: a review of their key features

Topic 3: Overview of empirical methodologies; a review of articles suggested by the Seminar Instructor and/or a review of articles* suggested by Students [*subject to approval and clearance by Católica]

SESSION 2 (Date: September, the 18th, 2017; time: 17.00h – 20.00h)

Topic 1: Banks, central banks, and the need for banking regulation: the role of central banks (e.g., FED, ECB); the need for banking regulation: types of regulation and limits to regulation (e.g., systemic and prudential regulation)

Topic 2: Description of main types of banking institutions, roles, lines of business and revenue (e.g., retail banking, private banking, corporate banking); types of banking activities in Europe and in the U.S.A.

Topic 3: The balance sheet of banking institutions; overview and definition of the main types of risks facing banking institutions (e.g., credit, counterparty, interest rate, liquidity, market, operational, and sovereign risks, etc.)

SESSION 3 (Date: October, the 2nd, 2017; time: 17.00h – 20.00h)

Topic 1: The measurement and management of interest rate risk: the loanable funds theory; the repricing model: description, advantages, and disadvantages; interest rate risk hedging (e.g., the use of interest rate swaps)

Topic 2: the measurement and management of market risks: overview of the main sources of market risks; risk management models/approaches (e.g., RiskMetrics)

Topic 3: The measurement and management of credit risk: individual loan risks, loan portfolio and concentration risks; credit risk management: credit transfer and securitization pipelines

SESSION 4 (Date: October, the 16th, 2017; time: 17.00h – 20.00h)

Topic 1: Value-at-Risk (VaR) model: theory and applications to financial institutions; alternative methods of financial institution risk assessment beyond VaR (e.g., COVAR and other systemic measures)

Topic 2: BASEL III: overview, description, and empirical applications to financial institutions

Topic 3: Stress testing: 1st generation models and corresponding applications to financial institutions

Topic 4: Stress testing: 2nd generation models and corresponding applications to financial institutions

Further individualized Tutorial Sessions* and/or collaborative Team Sessions* will be scheduled, in order to individually and/or collectively aid and support Students towards the progression and completion of the corresponding Dissertations

[*to be scheduled with the Students – these Sessions will be held in the EVENINGS of the chosen dates (end-of-day Sessions); subject to Católica's internal regulations and clearance]

IN THESE SESSIONS, Students should address the following steps towards their Dissertations:

1. One-page OUTLINE of the Dissertation
2. Two-page DRAFT of the Literature Review
3. One-page DRAFT on the Empirical Methodologies and Data to be used in the Dissertation
4. Two-page DRAFT on the INITIAL Empirical Results
5. Discussion on the Dissertation draft and potential areas for improvement

Deadlines

The full list of dates and deadlines can be consulted [here](#).