AFIN3028

Financial Risk Management

Session 2, In person-scheduled-weekday, North Ryde 2026

Department of Applied Finance

Contents

General Information

Unit convenor and teaching staff Kai Li kai.li@mq.edu.au
Credit points 10
Prerequisites AFIN2050 and (AFIN2070 or STAT2372)
Corequisites
Co-badged status
Unit description This unit examines optimal investments strategies with respect to risk and return; the role and characteristics of international financial markets and institutions; the pricing of various financial products and how they can be used for hedging. It builds econometric models based on financial variables and how these are utilised in managing market, credit and operational risks. Students are also introduced to advanced techniques in financial markets and risk management practices.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at https://www.mq.edu.au/study/calendar-of-dates

Learning Outcomes

On successful completion of this unit, you will be able to:

ULO1: Illustrate coherent theoretical and technical knowledge in the discipline and practice of financial risk management.

ULO2: Analyse, generate and transmit solutions to risk problems in financial institutions.

ULO3: Formulate well-developed judgement of knowledge and responsibility to provide specialist advice in situations of financial risk.

ULO4: Evaluate econometric models for financial variables.

General Assessment Information

Late Assessment Submission Penalty (written assessments)

If you submit your assessment late, 5% of the total possible marks will be deducted for each day (including weekends), up to 7 days. Submissions more than 7 days late will receive a mark of 0.

Example 1 (out of 100): If you score 85/100 but submit 20 hours late, you will lose 5 marks and receive 80/100.

Example 2 (out of 30): If you score 27/30 but submit 20 hours late, you will lose 1.5 marks and receive 25.5/30.

Extensions:

Automatic short extension: Some assessments are eligible for automatic short extension. You can only apply for an automatic short extension before the due date.

Special Consideration: If you need more time due to serious issues and for any assessments that are not eligible for Short Extension, you must apply for Special Consideration. Need help? Review the Special Consideration page for further details.

Assessment Tasks

Name	Weighting	Hurdle	Due	Groupwork/Individual	Short Extension	AI Approach
Skills development: Risk management in practice	20%	No	15/09/2026	Individual	No	Open AI
Professional practice: Quantitative analysis	30%	No	11/10/2026	Individual	Yes	Open AI
Formal examination	50%	No	University's formal examination period	Individual	No	Observed

Skills development: Risk management in practice

Assessment Type [1]: Problem-based task
Indicative Time on Task [2]: 15 hours
Due: **15/09/2026**
Weighting: **20%**
Groupwork/Individual: Individual
Short extension [3]: No
AI Approach: Open AI

The purpose of this assessment is for you to demonstrate your understanding and knowledge of key topics from the unit.   You will participate in a quiz. Feedback on your performance will help you assess your progress through the unit content. **Deliverable(s):** Quiz Individual assessment

On successful completion you will be able to:

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- Formulate well-developed judgement of knowledge and responsibility to provide specialist advice in situations of financial risk.

Professional practice: Quantitative analysis

Assessment Type [1]: Professional task
Indicative Time on Task [2]: 20 hours
Due: **11/10/2026**
Weighting: **30%**
Groupwork/Individual: Individual
Short extension [3]: Yes
AI Approach: Open AI

The purpose of this assessment is for you to deepen your understanding and expertise in financial risk management. You will conduct a quantitative analysis of a financial scenario. **Skills in focus:**

- Discipline knowledge
- Critical thinking and problem solving
- Communication skills

Deliverable(s): Written submission: [max 1,000 words] (not including functions, equations, numbers) Individual assessment

On successful completion you will be able to:

- Analyse, generate and transmit solutions to risk problems in financial institutions.
- Formulate well-developed judgement of knowledge and responsibility to provide specialist advice in situations of financial risk.
- Evaluate econometric models for financial variables.

Formal examination

Assessment Type [1]: Examination
Indicative Time on Task [2]: 35 hours
Due: **University's formal examination period**
Weighting: **50%**
Groupwork/Individual: Individual
Short extension [3]: No

AI Approach: Observed

The purpose of this assessment is for you to demonstrate the expertise you have gained in this unit.

You will participate in a 2-hour exam held during the University Examination period. Important information about the exam will be made available on the unit iLearn page. You should also review the MQ Exams website for general tips.

Deliverable(s): Formal exam
Individual assessment

On successful completion you will be able to:

- Illustrate coherent theoretical and technical knowledge in the discipline and practice of financial risk management.
- Analyse, generate and transmit solutions to risk problems in financial institutions.
- Formulate well-developed judgement of knowledge and responsibility to provide specialist advice in situations of financial risk.

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[1] If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- Academic Success for academic skills support.

[2] Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation.

[3] An automatic short extension is available for some assessments. Apply through the Service Connect Portal.

Delivery and Resources

Please refer to iLearn for details.

Unit Schedule

Week	Textbook chapters	Topic
1	1-6	Introduction
2	7-9	Managing Market and Interest Rate Risk

3	10, 11	Volatility, Correlation and Copulas
4	12, 13	Value-at-Risk, Expected Shortfall and Historical Simulation
5	13, 14	Model-Building Approach to Value-at-Risk and Expected Shortfall
6	15-18	Regulation
7	17, 19	Credit Risk
8		**Mid-Session Test**
		Mid-Session Break
9	20, 21	CVA, DVA and Credit VaR
10	22, 23	Scenario Analysis, Stress Testing and Operational Risk
11	24, 25	Liquidity and Model Risk
12	26-29	Economic Capital, Enterprise Risk Management, Financial Innovation and Risk Management Mistakes to Avoid
13		Revision

Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central (https://policies.mq.edu.au). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- Academic Appeals Policy
- Academic Integrity Policy
- Academic Progression Policy
- Assessment Policy
- Fitness to Practice Procedure
- Assessment Procedure
- Complaints Resolution Procedure for Students and Members of the Public
- Special Consideration Policy

Students seeking more policy resources can visit Student Policies (https://students.mq.edu.au/support/study/policies). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

To find other policies relating to Teaching and Learning, visit Policy Central (https://policies.mq.edu.au) and use the search tool.

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/admin/other-resources/student-conduct

Results

Results published on platform other than eStudent, (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in eStudent. For more information visit connect.mq.edu.au or if you are a Global MBA student contact globalmba.support@mq.edu.au

Academic Integrity

At Macquarie, we believe academic integrity – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free online writing and maths support, academic skills development and wellbeing consultations.

Student Support

Macquarie University provides a range of support services for students. For details, visit http://students.mq.edu.au/support/

Academic Success

Academic Success provides resources to develop your English language proficiency, academic writing, and communication skills.

- Ask a Study Coach
- Access StudyWISE
- Upload an assignment to Studiosity
- Complete the Academic Integrity Module

The Library provides online and face to face support to help you find and use relevant information resources.

- Subject and Research Guides
- Ask a Librarian

Student Services and Support

Macquarie University offers a range of Student Support Services including:

- IT Support

- Accessibility and disability support with study
- Mental health support
- Safety support to respond to bullying, harassment, sexual harassment and sexual assault
- Social support including information about finances, tenancy and legal issues
- Student Advocacy provides independent advice on MQ policies, procedures, and processes

Student Enquiries

Got a question? Ask us via the Service Connect Portal, or contact Service Connect.

IT Help

For help with University computer systems and technology, visit https://students.mq.edu.au/support/technology/service-desk.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources Policy. The policy applies to all who connect to the MQ network including students.

Unit information based on version 2026.03 of the Handbook