



DR. BABASAHEB AMBEDKAR OPEN UNIVERSITY
SCHOOL OF COMMERCE & MANAGEMENT
B.B.A. (Bachelor of Business Administration)
SEMESTER –5 (Credit -4)
DSE 1/Finance

Financial Risk Management

Unit No.	Details of Unit	Writers Name and Contact No.
1	Introduction to Financial Risk Management • Introduction • Meaning and definition of risk • Concept of uncertainty and risk • Difference between risk and uncertainty • Objectives of financial risk management • Importance of risk management in business organizations • Exercise	
2	Types of Financial Risks • Introduction • Classification of risks: financial vs non-financial • Market risk • Credit risk • Liquidity risk • Operational risk • Legal and regulatory risk • Exercise	
3	Risk and Return Relationship • Introduction • Concept of return • Risk–return trade-off • Expected return • Variability of return • Introduction to risk premium • Exercise	
4	Measurement of Risk • Introduction • Meaning of risk measurement • Range method • Mean deviation • Standard deviation • Coefficient of variation • Limitations of risk measurement • Exercise	

5	Market Risk • Introduction • Meaning and nature of market risk • Interest rate risk • Equity price risk • Commodity price risk • Currency risk • Sources of market risk • Exercise	
6	Credit Risk • Introduction • Meaning and causes of credit risk • Creditworthiness of borrowers • Default risk • Counterparty risk • Credit exposure • Role of credit rating agencies • Exercise	
7	Liquidity Risk • Introduction • Concept of liquidity • Types of liquidity risk • Asset liquidity risk • Funding liquidity risk • Causes and consequences of liquidity risk • Liquidity risk management practices • Exercise	
8	Operational Risk • Introduction • Meaning of operational risk • Sources of operational risk • Internal and external operational risks • Examples of operational failures • Impact of operational risk on organizations • Exercise	
9	Risk Identification and Analysis • Introduction • Process of risk identification • Internal and external risk factors • Risk mapping • Risk profiling • Qualitative and quantitative risk analysis • Exercise	
10	Risk Management Process • Introduction • Steps in risk management • Risk identification • Risk measurement • Risk evaluation • Risk control and monitoring	

	• Role of management in risk control • Exercise	
11	Risk Mitigation Techniques • Introduction • Risk avoidance • Risk reduction • Risk retention • Risk transfer • Diversification as a risk management tool • Exercise	
12	Hedging and Derivative Instruments • Introduction • Meaning of hedging • Introduction to derivatives • Forward contracts • Futures contracts • Options and swaps • Role of derivatives in risk management • Exercise	
13	Insurance as a Risk Management Tool • Introduction • Meaning of insurance • Principles of insurance • Types of insurance relevant to financial risk • Role of insurance in risk transfer • Advantages and limitations of insurance • Exercise	
14	Emerging Issues and Regulatory Framework • Introduction • Financial risk management in banks and financial institutions • Role of RBI and SEBI in risk regulation • Introduction to Basel norms • Emerging risks in the digital era • Importance of ethical risk management • Exercise	