Title	Construct measurement models on banking risks
Code	106682L7
Range	Develop quantitative models in order to measure and predict the risks exposure of banks. This applies to models measuring different types of risks facing by the bank.
Level	7
Credit	5 (for reference only)

Competency	Performance Requirements
	1. Conduct statistical research and review risks faced by the bank (e.g. market risk, credit risk)
	    Be able to:
	• Demonstrate specialized knowledge in quantitative research and statistical analysis in order to construct models to assess the bank's risk exposure in different areas and the bank's sustainability under the risk exposed
	• Evaluate existing theories and concepts in risk management and conduct empirical research in order to forecast the bank's risk exposure in different areas
	2. Forecast development of banking industry
	    Be able to:
	• Conduct research on global and local macro economic environment in order to forecast the trends in the banking industry
	• Conduct comprehensive analysis on the bank's different performance data, as well as macro economic indicator in order to identify factors which are significantly correlated to the bank's risk levels
	• Identify critical factors which will have significant impacts on the bank's businesses by consolidating and analyzing findings of different research
	3. Construct risk assessment models for banking risks
	    Be able to:
	• Measure the sensitivity of earnings and capital to the changes in different risk factors to determine risks that have high impact on the bank
	• Conduct quantitative and qualitative analyses in order to identify factors and the respective weighting in the risk assessment models
	• Conduct validation studies to ensure the validity and reliability of the models
	• Prepare proper documentation including specify the research methods, assumptions and probability distribution weaknesses and limitation , etc. of the risks assessment models
	• Design suitable data collection methods and model monitoring mechanisms in order to track and measure the different variables in the risk assessment models
	• Provide a quantified estimation on the risk exposure, volatility or probability of risk occurrence by analyzing results of the statistical survey

Assessment Criteria	The integral outcome requirements of this UoC are: • Construction of original risk assessment models or redevelop risk assessment model which can accurately predict the risks exposures of the bank taking into account the latest industry trend and internal strategy. These should be based on consolidated findings from different researches, such as global and local macro economic development, strategy of the bank and risk factors of the bank, etc.
Remark	