

# THE MSc IN BANKING AND RISK PROJECTS

Would your business benefit from an in-depth piece of research and analysis? Why not let one of our specialist MSc Banking and Risk students look into it for you?

## WHAT IS THE MSc IN BANKING AND RISK PROJECT?

An opportunity to engage with an individual postgraduate student on the MSc in Banking and Risk programme, who will carry out a piece of research between May and August.

Every MSc student undertakes an authoritative piece of work over the summer and many are keen to work with an organisation on a project that will add value to its business. We invite practitioners to suggest a piece of research and analysis which will be matched to one of our top performing students. The student will be supervised by a faculty member of the Credit Research Centre of the University of Edinburgh [www.business-school.ed.ac.uk/crc/](http://www.business-school.ed.ac.uk/crc/) the largest academic group working on credit risk modelling, in the world.

The main output is a substantial report taking a rigorous approach to the topic, along with an executive summary or presentation of findings to the client.

## WHAT KIND OF TOPICS ARE SUITABLE?

We can consider topics covering any aspect of a bank's business, especially in the areas of risk modelling or banking competition.

Past projects have included: effective modelling card balance; predicting default with low test volumes and low event rates; energy credit defaults and early warning; multiple outcome scoring; survival analysis for predicting losses on personal loans; research into the contribution 'shadow banks' make to recent credit bubbles; and, research into credit risk trends.

## WHAT IS THE PROFILE OF A TYPICAL BANKING AND RISK STUDENT?

Many MSc in Banking and Risk students have a degree in a quantitative subject or business management, with experience of working in a bank. All have a strong background in statistics and, as part of the MSc programme, will have taken further courses in statistics, credit risk management (including estimating scoring models in SPSS), and risk management in banks. Many will have taken option courses in Basel Accords, derivatives and investment management. The School has an international cohort with about 10 nationalities in the MSc in Banking and Risk programme and around 60 nationalities across the complete MSc portfolio.

## RECENT CASE STUDIES

**Crediten** is a consultancy in credit risk management, to support the development and transformation of credit departments in energy and commodity training. Crediten helps companies achieve where their credit risk operations want to be. The student was tasked with identifying the key quantitative and qualitative aspects that could alert energy firms of the potential default of a company. Analysing historical cases of defaults in energy companies, the research involved financial analysis, understanding and comparing scoring models, and building a new perspective to identify key early indicators of potential defaults.

*continued overleaf*

*“Offering a dissertation project to a student saved our time and efforts on the development of a subject that had been in the Company’s plans for a few years and we never had made the time for. Students at Edinburgh University have access to a wide range of literature, resources and excellent mentoring support which combined with their mind full of fresh ideas, leading edge skills, and the ability to focus on the subject resulted in the delivery of high quality research. The only “cost” for our company was the few hours used for an initial discussion on the subject, a couple of telephone calls, and a revision of the paper. These few tasks would have been required anyway if the project had been developed internally by our firm and was time well invested.”*

**Diana Higgins, Director,  
Crediten.**

**S&P Capital IQ** is a leading provider of multi-asset class and real time data, research and analytics. S&P Capital asked the student to investigate and analyse the trends in credit risk that fall under the radar; for example:

credit scoring for non-rated, SMEs, large organisations, corporates and banks tracing back 10-15 years. The student undertook research to analyse which areas were susceptible or resistant to credit downturns.

*“S&P Capital IQ participates in student projects to allow a talented pool of students from Edinburgh University to use industry renowned tools for topical market research. This exercise allows S&P Capital IQ to benefit from an academic assessment of the market and the student a practical take on the industry. With S&P Capital IQ’s global data and analytics, the students receive valuable exposure to the types of tools they will use in the marketplace.”*

**Pavle Sabic FRM,  
Associate Director – Credit Market  
Development,  
S&P Capital IQ**

#### WHAT ARE THE TIMESCALES INVOLVED

Companies submit project proposals	Deadline: End of January
Final list of clients is confirmed	Mid February
Project matched to a student	Late February
Initial Meeting is arranged	March
The student carries out the research	Between March and August
Report and presentation delivered	End of August