**Assignment-- BAFI1029: Risk Management**

Choose **one** of the following topics and write a critical essay, with the word limit of$ 800\pm 100$, excluding references.

# **Submission Instruction:**

You will need to submit your assignment via Turnitin Link, which can be found on blackboard under Course Content>Assignment.

The due date for this assignment is 25 September 2016, 23:59pm Australian Eastern Standard.

**Academic integrity:**

In order to ensure the academic integrity of your submission and to deter others from copying your work, your submission will be processed through a text-matching software

Turnitin will provide a similarity report of your submission against a large database of academic and professional documents.

* If your submission’s similarity report is under 20%, your assignment will be considered as original.
* If your submission’ similarity report is between 20% and 45%, your submission will be considered as partially original. In this case you will be penalized proportionately.
* If your submission’s similarity report is above 45%, your assignment will be considered as plagiarized. In this case, you will receive a mark of zero and you will be referred to the academic disciplinary committee.

Further information can be found [here](http://www1.rmit.edu.au/students/academic-integrity)

# **Topics**

1. The 2008 financial crisis revealed the failure of the Basel Committee to follow financial innovations and prompted the Committee to review the Basel II framework and carry out a new framework with more adequate capital requirements. Explain the impact of Basel III capital requirements on the financial sector and the real economy. Moreover, identify the reasons of regulating banks and the financial sector.
2. Explain how the Credit Risk Capital Requirements has changed from Basel Acord to Basel II and later to Basell III. Include a discussion on the difference between standardized approach, the IRB approach and the advanced IRB approach.
3. Critically compare the implementation of Operational Risk Management from Basel Acord to Basel II and later to Basell III. Explain the difference between the basic indicator approach, standardized approach and advance measurement approach for calculating operational risk capital.