

Risk Culture & Behavioral Risk Management



Psychological skills to complement quantitative methods

Virtually every major risk management catastrophe in recent years – including the global financial crisis of 2008 – has psychological pitfalls at its root. The list of catastrophes includes rogue trading scandals, Ponzi schemes, the nuclear meltdown at Fukushima Daiichi power plant, and the 2010 explosion at BP's Macondo well in the Gulf of Mexico. Although all of these catastrophes featured problematic quantitative frameworks, it was human psychology rather than problematic modeling that served as the key driver. Despite this fact, risk management education continues to overemphasize quantitative modeling and underemphasize psychological understanding.

If you are responsible for risk management or wish to have a better awareness of risks within your organization, if you interact with risk managers, or if you are a risk manager yourself, this program will help you better understand the psychology of risk. At its core, the psychology of risk pertains to emotions, framing, personality, and judgmental errors. Through this program, you will acquire a vocabulary and skill set for analyzing the psychological dimension of risk management issues, thereby improving your effectiveness and the efficacy of your organization.

How you will benefit

- Learn to identify how psychological hard wiring predisposes people to make systematic mistakes in the assessment and taking of risk
- Be able to assess and describe how risk management culture determines levels of operational risk
- Measure the reflection of sentiment in pricing and its connection to value and risk
- Understand how behavioral frameworks can be used to foster a risk management mindset for all professionals within the organization
- Build a behavioral toolkit through the use of case studies during the program

🕒	2 days (+1 day preparation)
€	€ 2,500
★	4.8 out of 5
📅	Dates to be confirmed

Faculty

Hersh Shefrin is the Mario L. Belotti Professor of Finance at Santa Clara University. He is one of the pioneers in the behavioral approach to economics and finance. The January 2001 issue of *CFO* magazine listed him among the academic stars of finance. A 2003 article in the *American Economic Review* listed him as one of the top fifteen economic theorists to have influenced empirical work. In 2009, his behavioral finance book *Beyond Greed and Fear* (2000) was recognized by J.P. Morgan Chase as one of the top ten books published since 2000.

Professor Shefrin is regarded as the world's foremost authority on the importance of incorporating behavioral awareness into the world of finance. Among his other books are: *Behavioral Risk Management* (2015); *Behavioralizing Finance* (2009); *Ending the Management Illusion* (2008); *Behavioral Corporate Finance* (2007); *A Behavioral Approach to Asset Pricing* (2005). His work with Meir Statman received the William Sharpe Award Best Paper Award for the article "Behavioral Portfolio Theory," published in the *Journal of Financial and Quantitative Analysis*, and a Graham and Dodd scroll from the *Association of Investment Management Research*.

Professor Shefrin received his PhD from the London School of Economics in 1974. He also holds an honorary doctorate from the University of Oulu, Finland. He is frequently interviewed by the press and his work was profiled by BBC-TV in February 2014. He intermittently writes for *The Wall Street Journal*, blogs for *Forbes* and *The Huffington Post*, and can be followed on twitter at [@HershShefrin](https://twitter.com/HershShefrin).

Program Content

Psychological foundations: vocabulary, concepts, and techniques

- Heuristics
- Biases
- Framing effects and reference-point risk preferences

Financial instability, systemic risk, psychological dimension of global financial crisis

- Financial Instability Hypothesis
- Systemic risk
- Global financial crisis, case studies
- Regulatory heuristics

Risk management in financial firms and regulatory agencies: case studies

- JPMorgan Chase, OCC
- MF Global, CFTC/SEC
- RBS, Fortis, Santander/ABN AMRO, FSA/DNB
- Madoff, SEC

Risk management in operating firms and regulatory agencies: case studies

- Fukushima Daiichi, NISA
- Southwest Airlines, FAA
- BP, MMS
- GM, NHTSA

Program preparation (approximately 1 day) - mandatory

- Preparation for the program includes pre-reading and completion of an extensive multiple choice questionnaire regarding the participant's attitudes toward risk, saving, and investment. Completing the questionnaire is an experience which leads participants to be consciously aware of their own attitudes, thereby forming the basis for reflection, comparison and taking action. The results of the questionnaire form the core of the program, making it crucial that each participant complete the questionnaire within the given time frame. Completion of the questionnaire is mandatory. Enrolled participants not completing the questionnaire before the deadline will be excluded from attending the program.

“Excellent course, providing new insights.”

*Director
ABN AMRO Bank
The Netherlands*

Enrolling & Practical Information

Enrollment requirements

AIF considers each enrollment application carefully to ensure the quality and level of the program is maintained and that participation of candidates is beneficial to both themselves and their organizations. The general prerequisite for all AIF programs is the possession of an academic or equivalent degree, as well as proficiency in English and practical experience.

How to enroll

Enrollment for one of AIF's programs is done via an online application form to be found on AIF's website: www.aif.nl. There is no closing date for enrollment although it is advisable to enroll early, as places are limited and preparation is required for all AIF programs. General Terms & Conditions of Enrollment and Cancellation must be agreed before enrolling and are available on AIF's website.

Accommodation

AIF has special corporate rates available for participants at a number of hotels in central Amsterdam.

Certificates

An AIF certificate of attendance is awarded to all participants who successfully complete the program.

Program location

The programs are held in the center of Amsterdam, within an easy walk from Amsterdam Central Station, and within 30 minutes from Schiphol international airport.

Program fees

Program fees include tuition, all comprehensive program materials, books, and any software that is required for the program, as well as luncheons and daily refreshments. Accommodation is not included.

In-company programs

For information on how AIF can add value to your organization via a tailored in-company program, please contact AIF directly at: +31 20 520 0160.

About Amsterdam Institute of Finance

AIF is a global financial innovation and education institute headquartered in Amsterdam. Through our open enrollment programs in Amsterdam and our in-company programs throughout the world, we connect ambitious professionals with the best minds in finance and other related topics. Taking part in one of our programs is a direct investment in your personal future and the success of your organization.

This is what makes the AIF experience unique:

- We believe in responsible, sustainable and inclusive finance
- Our clients, rather than profits, come first
- AIF is an independent and not-for-profit foundation, which allows us to cherry-pick our faculty from the world's leading business schools, such as INSEAD, NYU Stern, Berkeley Haas, Cambridge Judge and others
- AIF delivers top quality programs. Our alumni give our faculty an average rating of 4.6 out of 5.0
- Enrollment in one of our programs means you become part of the AIF network, connecting you to professionals from more than 1,200 organizations in over 110 countries

AIF VISION: We believe that better-educated professionals can better their world, be it their career, their organization, their sector or the world itself.