

## **Financial Risk Management (FNRM)**

The Financial Risk Management Option (FNRM) is designed for students who plan to pursue a career in risk management and commercial banking, which could include positions such as risk managers, credit analysts, loan officers, branch managers, or operations professionals. The option also allows students to earn a certificate from the Risk Management Association (RMA).

### **The information below covers different potential career paths for the Financial Risk Management Option (FNRM).**

Graduates who have the skills developed in the option have a wide variety of career paths open to them. While commercial banking and commercial lending are obvious paths once students have received the RMA certification, there are other opportunities in banking and corporate finance where the skills will be highly valued. The ability to assess the risks associated with counter-parties that involve a future financial obligation (repaying a loan, meeting a swap or option agreement's cash flows, issuing equity or debt, completing a merger, executing securities trades with other parties, for example) is often critical to relationships between companies and various financial institutions and even corporation to corporation transactions. Ratings agencies such as S&P entire business depends on credit risk modeling and assessment in order to provide markets with reliable ratings of the quality of companies. Mutual funds and other investment companies depend on the such ratings and internal credit modeling to determine what securities they can hold. Furthermore, regulatory agencies need the skills to help them assess the financial health of firms in commercial banking, hedge funds, investment banking, financial markets and financial technology, and corporate treasury. Analysis of large data sets documenting counter-party history of timely (or not) performance are critical to developing assessments and for convincing ratings agencies and regulators of the validity of credit-related contracts and decisions.

In commercial banking, careers might start as corporate loan officers up to chief credit officer and credit risk management up to President and CEO of community banks and larger regional and nationally active banks. Such individuals often function as consultants or advisors to corporations and small and medium-sized businesses because of the analytical skills and understanding of business models. Investment banking careers from an entering analyst to Associate to Managing Director extensively use analytical skills on clients and potential clients to assess business opportunities and strategies. Securities traders, at junior levels up to Managing Directors and Senior MDs and partners, depend on having trustworthy counter-parties with whom they trade and must evaluate the likelihood of performance by them. Credit and Operational risk managers oversee the activities of traders, lenders, investment bankers to create boundaries and limits for those activities based on the level of credit risk presented by various counter-parties. In the regulatory arena, bank examiners can start with small banks and rise to be chief bank examiners and even work every day embedded in the largest banks in the world as well as rising to senior leadership positions in the various agencies such as the Federal Reserve and the SEC. Understanding credit worthiness and an ability to assess it are key to successful operations of world class financial institutions and companies.