

News from the MSc Quantitative Finance: June 2011

By Director of Studies: Jill Johnes

Students on the MSc in Quantitative Finance have now completed all their taught courses and are several weeks into the dissertation element of the programme. It has been a busy few weeks with end of module examinations followed by the start of the dissertation. We have nevertheless taken advantage of an interesting programme of talks from external speakers over the Lent and Summer terms, and have enjoyed a wonderful end of year dinner in May. Read below for more information!

Looking forward to the next year, we are currently developing materials which will be released during July to students intending to join the programme in October 2011. These materials have been developed at the suggestion of students currently on the programme, and are intended to help prospective students prepare their quantitative skills and get to know each other via the discussion board ready for the start of the programme. I look forward to getting to know students via the web board and to welcoming students in October.



[Dr Jill Johnes](#)

Dissertations are now well under way, and each student has been allocated supervision from one of the participating departments. There is an interesting array of topics being researched – some examples are:

- Dynamic modelling of stock prices
- Investigations of stochastic interest rate model from a theoretical perspective
- Detecting jumps in high frequency data
- Credit scoring-reject inference
- Financial contagion
- Risk exposure
- Volatility and volume in financial markets

Visiting speakers during Lent and Summer terms:

- **February:** [John Kay](#) talked on '[The Financial Crisis and the Regulatory Response](#)'.
- **May:** [Dr Nahed Taher](#) (Founder and CEO of Gulf One Investment Bank, Bahrain and Lancaster University Management School PhD Graduate) gave her talk on '[Macroeconomics Problems, Prospects and Policy Priorities in the Gulf Cooperation Council Region](#)'.
- **May:** Savvakis Savvides (alumnus Lancaster University, and now Senior Manager, Project Finance Dept, Cyprus Development Bank), spoke on 'Corporate Lending and the Assessment of Credit Risk'.
- **June:** Gianluigi Ferrucci (Senior Economist at the [European Central Bank](#), and formerly an economist at the Bank of England) gave a talk entitled '[Food price pass-through in the euro area: The role of asymmetries and non-linearities](#)'.



End of year dinner: Students were able to relax after their exams ended and we all enjoyed, along with students from the MSc in Money, Banking and Finance, a meal at the [Gatehouse](#) in Lancaster to celebrate the end of the taught component of the programme.

← *A few of the MSc in Quantitative Finance students enjoying the end of year dinner with Dr Jill Johnes, May 2011*



Tristan Linke, a student on the MSc in Quantitative Finance 2010/11, answers some questions about applying to the MSc in Quantitative Finance, the programme, the students, and life in Lancaster. His answers are taken from '[A perspective from a MSc Quantitative Finance 2010/11 Student at Lancaster University](#)' the full version of which is available on the MSc in Quantitative Finance web site..

Why did you consider doing an MSc in Quantitative Finance?

During the last two years of my undergraduate studies in an economics related degree I felt extremely bored. In the second to last term I decided to take the CFA level 1 where I was surprised to find such a high degree of ethics (15%) and financial reporting & analysis (20%). ... My focus was more on the technical side ... At that time I already had the idea for a relevant postgraduate degree to boost my knowledge. However, I was in doubt whether my prior knowledge would be sufficient for a university to accept me and for me to survive such a postgraduate degree. In order to increase the chances of the former and to evaluate the latter I chose a quantitative financial topic for my year-long undergraduate dissertation.

What are the students on the course like?

The current MSc QF class of 2010/11 consists of a diverse mixture of students with different backgrounds and interests. However, there is an underlying unifying drive among us and I will refer to it as the desire for achievement - that keeps us awake at night (though I have to admit not necessarily in the morning!).

The diversity among the current cohort can also be seen in the choice of optional courses and even more from the choice of MSc dissertations on which we have been working for almost six weeks. ... I decided to investigate so-called jumps in asset prices using Monte Carlo simulation and empirical high-frequency data in the finance department. My supervisor, who I now meet once, sometimes twice a week, is the author of the [financial econometrics book](#) which I was reading for my undergraduate studies. One of my best friends, whom I met here, is also working on high-frequency data in the Economics department, and we often have fruitful discussions about the topic. Other students decided to do their dissertation on stochastic finance, credit scoring-reject inference, financial contagion, dynamic stock price modelling, bank risk exposure, option pricing theory to name only a few of them.

Why did you apply to Lancaster University?

For the (undergraduate) dissertation I mainly used one particular [book](#) on financial econometrics published by Princeton University Press but written by a former MA Student at Lancaster University in Operational Research, now an established [professor](#) at the same university. This gave me the remaining push ... to apply to Lancaster and to eventually come here.

I also applied to some universities in Central Europe where I found that a lot of universities apply apparently random filters ... Other universities (probably because they do not want to screen too many applicants) require a GMAT for Quantitative Finance, perhaps losing some of the best candidates who are extremely good in mathematical finance or programming and are just not that interested in studying a general management test only to meet a random entry filtering criteria. Others again ask for university fees beyond GBP 20k with living costs being even higher than that in most of Europe's metropolises. ... at the time of writing the low fee structure ... and the overall lower living costs in Lancaster compared to e.g. London mean that you can currently get away with half the costs you would incur elsewhere.

What is there to do in your spare time?

This evening I went to see a [Comedy Club Event](#) at a [pub](#) ... to enjoy British humour from the first row. I live in an apartment half-way between the university and the city-centre so I could easily walk home; but the bus comes frequently if you prefer to live on campus, or simply take your bike to be super-flexible.

Next week my family will come and visit me. I will send them to see the beautiful [Lake District](#) just 45 minutes north of Lancaster and let them do some shopping in one of the huge [shopping malls](#) that Manchester has to offer. ... I will not pass up on the opportunity to do the [Morecambe bay crossing](#) when the tide is at its lowest point.

What will you do after leaving Lancaster?

If everything works out well I hope to stay on for further PhD studies at Lancaster University starting in October 2011.