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## **TRAINING OFFER**

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## SOMMARY

<b>1</b>	<b>SPECIALIZED PROGRAM .....</b>	<b>3</b>
1.1	SME Banking .....	3
1.2	Human Resources in the Banking Sector .....	6
1.3	Bank Regulation and Supervision .....	8
1.4	Payment Systems .....	10
1.5	Introduction to Financial Markets for Central Bankers .....	12
1.6	Global Finance .....	14
1.7	Credit Management & Assessment .....	15
1.8	Internal Control and Internal Audit .....	17
1.9	Interbank payment systems and payment instruments .....	20
1.10	Basis for import-export control and foreign exchange control in developed countries ....	21
1.11	Prudential regulation and supervision.....	23
1.12	Management Information Systems in Banking and Financial Institutions .....	25
1.13	Macroeconomic Analysis and Modeling .....	26
1.14	TRADE FINANCE .....	27
1.15	ASSET-LIABILITY MANAGEMENT (A.L.M.) .....	29
<b>2</b>	<b>SIMULATIONS.....</b>	<b>30</b>
2.1	Management of Financial Institutions (BankSim) .....	30
2.2	Branch Performance Management Simulation (BranchSim) .....	32
2.3	Advanced Credit Risk Management Simulation (CredStrat) .....	34
2.4	Business Management Simulation (ComSIM) .....	36
2.5	Methodology .....	38
<b>3</b>	<b>PRINCIPLES OF MODERN BANKING .....</b>	<b>39</b>
3.1	Module 1: Functions of a Bank.....	39
3.2	Module 2: Balance Sheet Activities .....	41
3.3	Module 3: Fee Business .....	42
3.4	Module 4: Bank Regulation .....	43
3.5	Module 5: Bank Organisation.....	45
3.6	Module 6: Financial aspects of Bank Management .....	46
3.7	Module 7: Credit Management.....	47
3.8	Module 8: International Banking .....	49
3.9	Module 9: Bank Financial Management Simulation (BankSim) .....	50
3.10	Methodology .....	52



## **1 SPECIALIZED PROGRAM**

### **1.1 SME BANKING**

#### **1.1.1 OBJECTIVES**

This course aims at reinforcing deal screening, project / credit risk appraisal and credit portfolio monitoring / management.

This seminar is designed specifically for executives and middle management of banks and financial institutions whose responsibilities involve credit risk assessment and asset management

#### **1.1.2 TARGET GROUP**

It provides an ideal challenge for:

- All Credit department staff
- Personnel with responsibilities in the field of credit risk assessment
- Department heads of business units (Retail, corporate, investment banking...)
- Department heads of support units (Finance, MIS & accounting, audit, IS/IT...)
- Members to Credit Committees in banks
- Members to Management Board who are not specialised in risk management

#### **1.1.3 CONTENT**

##### **1.1.3.1 SME MARKET FOR BANKS: GLOBAL APPROACH**

- Definition
- Characteristics
- Products & services
- Opportunities & dangers

##### **1.1.3.2 SME MARKET FOR BANKS: PRACTICAL APPROACH**

- SME loan portfolios
  - Risk-return analysis
  - Commercial analysis
- Marketing plans: global and local approach
- SME loan officers: technical and commercial skills grid
- Customer Relationship Management (CRM)
- Case studies - Examples



### **1.1.3.3 FINANCIAL STATEMENTS ANALYSIS**

- Balance sheet
- P&L Account
- Cash flow statement
- Working capital analysis
- Ratio analysis
- Case studies - exercises

### **1.1.3.4 BUSINESS PLAN ANALYSIS**

- Typical structure of a Business Plan
- Project: What? Where? Why?
- Promoter: Who?
- Market - Sector: For whom?
- Internal organisation (Operation - Administration - Marketing): How?
- External business environment
- Financial planning in a business plan
  - Pre-operational and operational funding
  - Budget
  - Pro forma balance sheet
  - Pro forma P&L account
  - Cash flow projections
  - Financing Plan
- Some usual assessment tools:
  - 6 Cs
  - CAMPARIEL
  - Porter's Model
  - SWOT
  - Scoring/rating system

### **1.1.3.5 PROFITABILITY ASSESSMENT: USUAL TOOLS**

- Break-even point
- Pay back & discounted payback period
- Net present value (NPV)
- Internal rate of return
- Sensitivity analysis
- Case studies - Exercises

### **1.1.3.6 SME BANKING: CREDIT PROCESS**

- Loan characteristics:
  - Commercial financing
  - Project financing
  - Collateral
  - Covenants



- Loan management process: who is doing what and when?
  - From introduction to decision
  - From decision to disbursement
  - From disbursement to final repayment

#### **1.1.3.7 CREDIT RISK MANAGEMENT**

- Project & Loan monitoring: key indicators & warning signs
- Management Information system (MIS) & Early Warning System (EWS)
- Proactive attitude vs. reactive attitude
- Actions to carry out in case of problems



## **1.2 HUMAN RESOURCES IN THE BANKING SECTOR**

### **1.2.1 OBJECTIVES**

The participants will go through the meaning and purpose of the Human Resource Management approach, current trends and debates in management thinking and methods.

### **1.2.2 TARGET GROUP**

This course is aimed at people working at the HR Department or having the intention to start working as HR manager or HR Officer.

### **1.2.3 CONTENT**

#### **1.2.3.1 INTRODUCTION: HR AS A STRATEGIC PARTNER**

The main challenge for HR today is to be recognized as a credible partner in the strategy implementation of the business: to be at the table, not on the table. In order to do that, the HR function must implement strategy and deliver services clearly linked with business strategy implementation. HR professionals are leading high performance, strategically aligned policies and focusing on employee strategically focused competences, motivation and essential behaviours.

#### **1.2.3.2 SITUATION OF THE HR ACTIVITY**

- In the HR Function
- In the Management of a company
- In the process of Value Creation and Performance
- in the global socio-economic environment

#### **1.2.3.3 MEASUREMENT IN HR**

The measurement of the HR activity and the impact in the value creation process become central in the HR function. SWOT analysis, Balanced Scorecard and HR Dashboards ensure that HR Teams are focusing on the company business strategy towards value creation.

#### **1.2.3.4 PERFORMANCE MANAGEMENT**

The HR activity must focus on performance and delivery. How to measure individuals and team performance? How to implement the performance appraisal process inside the company?

#### **1.2.3.5 CONFLICT MANAGEMENT**

#### **1.2.3.6 TALENT MANAGEMENT AND MANPOWER PLANNING**

Talents are strategic assets. How to define, attract them and keep them long enough? What are the key functions/jobs in the company? How to prepare the replacement? What are the areas of action to keep key talent people long enough inside the companies?



### **1.2.3.7 NEW APPROACHES IN RETENTION MANAGEMENT**

### **1.2.3.8 MOTIVATION AND LINK WITH PERFORMANCE MANAGEMENT**

### **1.2.3.9 THE MANAGEMENT OF CHANGE**

The challenges for the companies are changing. They must adapt their strategy to cope with the new market evolution. Consequently, workforce must also do. What is the process of change? How to prepare a change action? How to deal with conflict and resistances?



## **1.3 BANK REGULATION AND SUPERVISION**

### **1.3.1 OBJECTIVES**

- Provide a comprehensive and up-to-date overview of the architecture of the prudential regulation, supervision and management applicable in and to banking institutions.
- Tailor the knowledge to participants of the banking and financial sector at large, including non-specialists in prudential regulation, in order to enable them to understand the rationale behind the rules, the prudential framework and the operational organisation of prudential supervision as enforced by the supervisory authorities.
- Enhance, beyond the rules and the organisational settings, the insight into the prudential logic and policies.
- Provide an introductory insight into related subjects pertaining to macroprudential surveillance.

### **1.3.2 TARGET GROUP**

- Prudential regulation, organisation and supervision are at the core of the banking business and should be an essential component of the knowledge of all managers and specialists in the banking sector.
- The module is specifically directed to a wider audience than specialists of the prudential domain, but it can be followed by staff of the supervision authority and internal audit staff who are, in the commercial banks, involved in some manner in prudential issues and responsibilities.

### **1.3.3 CONTENT**

#### **1.3.3.1 ESSENTIALS OF BANKING: NATURE, FUNCTIONS, ACTIVITIES, CRISES**

- Financial intermediation and banking business
- Features of banking activity
- Banking/risk management and analysis
  - Interest rate (s) (yield curve)
  - Risk categories
  - Risk management (ALM) (VAR)
  - Bank capital
  - Financial crises: bank runs: systemic crisis





### **1.3.3.2 SYSTEM-WIDE PRUDENTIAL PREVENTION AND SUPPORT FRAMEWORK (SAFETY NET)**

- Prudential framework
- Prevention and support mechanisms
  - Obligatory reserves policy (free/required reserves)
  - Accounting standards
  - Repurchase agreements
  - Credit registry/bureau
  - Deposit guarantee systems
  - Lender of last resort function (emergency liquidity assistance)
  - Aspects of moral hazard
  - “Problem banks”

### **1.3.3.3 PRUDENTIAL REGULATION: CAPITAL ADEQUACY, THE BASEL ACCORDS**

- BIS - Basel Committee
- Regulatory capital: constituents
- Basel I minimum capital requirements (risk-based)
- Basel II: 3 pillars
  - Pillar 1 minimum capital requirements: risk based definition/content
  - Pillar 2 supervision review process
  - Pillar 3 market discipline
- Basle III: new framework
- Conclusion

### **1.3.3.4 ASPECTS OF PRACTICAL PRUDENTIAL SUPERVISION**

- Legislation organisation
- Prudential authority
- International surveillance & institutions (IMF/WB - FSAP - RSOC, BIS-FSI)
- Core principles for effective banking supervision
- Off-site/On-site supervision

### **1.3.3.5 INTRODUCTION TO MACROPRUDENTIAL SURVEILLANCE**

## **1.4 PAYMENT SYSTEMS**

### **1.4.1 OBJECTIVES**

- The overall objective is to strengthen the knowledge on payment systems of key staff at the central bank. Improving payment systems expertise by covering the range of critical issues in setting up and maintaining payment systems.
- Present the basic concepts of payment systems. Understand the difference between large value, retail and hybrid payment systems and settlement modes.
- Analyse the role of the main stakeholders in the field of payment systems. Investigate the competences, role and responsibilities of the central bank.
- Understand the difference between payment means and payment instruments. On the basis of the theoretical framework, be able to differentiate the payment instruments used in the home country.
- Distinguish the different standardisation bodies and their process of design and maintenance of standards. Check the application in the home country.
- Being able to start an oversight assessment of a payment system.
- Elaborate on the basic principles of business continuity and assess case studies.

### **1.4.2 TARGET GROUP**

This program is designed for managers involved in payment and electronic banking systems with a various background (operations, risks, treasurers, auditors, overseers), from both central banks and commercial banks.

### **1.4.3 CONTENT**

- Key concepts of payments, payment instruments and payment systems (clearing, settlement, types of instruments and systems, cross border systems, networks, new trends...)
- Role of public authorities in payment systems (central banks, central government, international authorities, ...)
- Retail Payment systems (ACH, Clearing House, card payment systems)
- Large value payment systems (working principles, case studies)
- Oversight of payment systems (international best practices, case study)
- Security and risks in payment systems (risk management and governance, risk mitigation)
- Key legal concepts in payment systems (a legal framework for safe and sound payment systems)
- Standards for payment systems (SWIFT, ISO, XML, ...)
- E-Banking (Card based payments, Network Money, Mobile payments, Peer to peer payments, Friends to family payments, Social networks and their payments, Cryptocoins)



#### **1.4.4 OPTIONAL MODULES:**

- Theory and economic concepts for payment systems (network effects, externalities, two-sided markets, moral hazard, ...)
- The Single Euro Payments Area, SEPA (for countries interested in the consolidation process of the European monetary union).



## **1.5 INTRODUCTION TO FINANCIAL MARKETS FOR CENTRAL BANKERS**

### **1.5.1 OBJECTIVES**

The objective of the course is to give central bank staff a general and technical understanding of the major financial market segments and instruments and their uses by market participants. Particular attention will be given to the potential use of these instruments for a central bank: market analysis and market monitoring, implementation of monetary policy and foreign exchange policy operations, foreign reserve and risk management.

### **1.5.2 TARGET GROUP**

The course is designed for central bank staff in general and in particular for:

- central bank staff involved in the formulation and implementation of foreign exchange policy, monetary policy and reserve management operations
- financial market operational staff of the central bank (front/back /middle office)
- central bank specialists in regulatory issues
- staff of research departments, internal and external auditors, compliance (risk) officers, banking supervision.

### **1.5.3 CONTENT**

#### **1.5.3.1 FOREIGN EXCHANGE MARKETS**

- General overview of main foreign exchange markets
- Spot foreign exchange markets: technical overview (quotation, cross rate calculations...) uses spot operations by market participants, uses by central banks (interventions, reserve management, monetary policy...)
- Forward foreign exchange markets: technical overview (computation of forward rates..), uses of forward markets by market participants (hedging of foreign exchange risk) , applications for central banks
- Foreign exchange swap markets: technical overview (computation of swap rates...), applications of foreign exchange swaps by market participants, potential use of foreign exchange swaps by central banks (foreign exchange and monetary policy, reserve management ...).



### **1.5.3.2 FOREIGN EXCHANGE DERIVATIVES (FOREIGN EXCHANGE OPTIONS...)**

- Money Markets
  - Unsecured deposit markets: technical overview (financial mathematics: day count conventions, forward rates, interest and discount rates...)
- Secured money markets : repo/reverse repo markets (technical overview), uses by market participants, potential uses of repo/reverse repos by central banks for monetary policy and reserve management purposes
- Impact of central banks on the money markets: comparison of monetary policy framework and monetary policy instruments used by major central banks (Euro system, Federal Reserve, Bank of Japan)
- Miscellaneous: Eonia, Euribor

### **1.5.3.3 SECURITIES MARKETS**

- short-term discount paper (treasury bills, commercial paper): technical overview
- coupon securities and bonds: technical overview (bond mathematics, yield curves, pricing, duration and convexity...)
- overview of major securities/bond markets appropriate for central bank investments

### **1.5.3.4 INTEREST RATE DERIVATIVES MARKETS**

- Interest rate swaps, future rate agreements, financial futures: concepts and technical overview
- Potential uses for central banks

### **1.5.3.5 RISK ISSUE**

- Risks encountered in financial markets
- Risks mitigating techniques for Central Banks



## **1.6 GLOBAL FINANCE**

### **1.6.1 OBJECTIVES**

- Students should be able to evaluate the consequences of the various exchange rate systems for the multinational company and to suggest methods to cope with the foreign exchange risk by using internal or external techniques.
- Moreover, they should be able to indicate how companies and governments can use the international financial markets for short and long term financing needs.

### **1.6.2 CONTENT**

The course consists of three parts:

- In the first part, the international financial environment is briefly discussed (various exchange rate systems).
- The second part is devoted to the functioning of the foreign exchange market and the methods to cover the foreign exchange risk (internal and external techniques: spot market, forward contracts, options, futures and swaps).
- In the last part of the course, the international financial markets are analysed (euro-currency market, foreign bonds, euro-bonds, international issue of shares).

### **1.6.3 DETAILED OUTLINE**

- The international monetary system
- The determination of exchange rates
- The foreign exchange market
- Measuring and managing foreign exchange exposures
- Internal and external hedging techniques against foreign exchange risk
- International financing and international financial markets
- The euro-currency market
- The euro-credit market
- The euro-bond market



## **1.7 CREDIT MANAGEMENT & ASSESSMENT**

### **1.7.1 OBJECTIVES**

- Analyse the place of credit activities in the Balance sheet and Income statement of Financial Institutions
- Introduce participants to some best practices in the internal organisation of credit activities
- Detail the different approaches in credit assessment in order to avoid Non Performing Loans
- Introduce participants to the business and financial analysis in the Credit assessment of loans for Small & Medium-Sized Companies

### **1.7.2 TARGET GROUP**

- Middle management involved in credit activities
- Loan officers Front & Back Office
- Internal auditors
- Supervisors Central Bank of its country

### **1.7.3 CONTENT**

#### **1.7.3.1 CREDIT ACTIVITIES & MANAGEMENT OF BANKING**

- Intermediation and transformation function
- Credit activities, Balance sheet & Income statement
- Strategy & Organisation
- Main Challenges
- Warning signals analysis

#### **1.7.3.2 CREDIT RISK**

- Concepts
- Link with other financial risks
- Link with Capital Management

#### **1.7.3.3 CREDIT INTERNAL ORGANISATION**

- Credit Processes
- Credit Procedures
- Credit Products
- Credit Pricing
- Credit Papers
- Credit People

#### **1.7.3.4 CREDIT PRODUCTS**

- For Businesses
- For Individuals



### **1.7.3.5 CREDIT ASSESSMENT**

- For Individuals
- For Businesses
- Main usual tools

### **1.7.3.6 FINANCIAL ANALYSIS AS PART OF CREDIT ASSESSMENT**

- Components of Financial Statements
- Ratio analysis & credit scoring
- Case studies



## **1.8 INTERNAL CONTROL AND INTERNAL AUDIT**

### **1.8.1 OBJECTIVES**

- Fully understand basic concepts and their relation: internal control, risk, internal audit, external audit and audit committees
- Be able to develop an audit universe and a risk based annual audit plan
- To know the different steps in performing a risk based audit
- Be able to develop the audit report and the follow-up of recommendations
- To know the key elements for managing an audit department
- To understand the corporate governance process in an organisation.

### **1.8.2 TARGET GROUP**

- main target group : Internal auditors of the central bank & the other banking sector;
- other target group : high-level staff members executing internal control responsibility.

### **1.8.3 CONTENT**

#### **1.8.3.1 COMPONENTS OF INTERNAL CONTROL**

- Segregation of duties
- Limits
- Signature, approval and authorisation requirements
- Verification and reconciliation
- Documented procedures
- Physical controls
- Crosschecks
- Dual controls
- Computer-related controls
  - Integrity risk controls
  - MIS risk controls

#### **1.8.3.2 INTERNAL CONTROL AND INTERNAL AUDIT FRAMEWORK**

- Basel Committee on Banking Supervision
- IIA Institute of Internal Auditors

#### **1.8.3.3 CONCEPTS RELATED TO INTERNAL CONTROL & AUDIT**

- Coso model on internal control
- Risk & banking risks
- Internal Control
- Enterprise risk management framework
- Internal Audit & the International Standards for the Professional Practice of Internal Auditing
- External Audit
- Audit Committee



#### **1.8.3.4 RISK BASED ANNUAL AUDIT PLANNING**

- Audit objects for the audit universe
- Risk factors
- Risk model
- Developing the annual audit plan



### **1.8.3.5 PERFORMING RISK BASED AUDITING**

- Steps in executing a risk based audit
- Evaluation of the adequacy of the internal control system
- Evaluation of the effectiveness of the internal control system
- Risk Control Matrix
- Observation assessment sheet (findings)
- Audit report

### **1.8.3.6 MANAGEMENT OF THE INTERNAL AUDIT DEPARTMENT**

- Profile of an internal auditor
- Training
- Evaluation of internal auditors
- Reporting to the Board and senior management
- Audit manual
- Internal and external assessments

### **1.8.3.7 CORPORATE GOVERNANCE**

- Meaning of Corporate Governance
- Role of Audit committees in the corporate governance process



## **1.9 INTERBANK PAYMENT SYSTEMS AND PAYMENT INSTRUMENTS**

### **1.9.1 OBJECTIVES**

- The overall objective is to strengthen the knowledge on payment systems of key staff at the central bank. Improving payment systems expertise by covering the range of critical issues in setting up and maintaining payment systems.
- Present the basic concepts of payment systems. Understand the difference between large value, retail and hybrid payment systems and settlement modes.
- Analyse the role of the main stakeholders in the field of payment systems. Investigate the competences, role and responsibilities of the central bank.
- Understand the difference between payment means and payment instruments. On the basis of the theoretical framework, be able to differentiate the payment instruments used in the home country.
- Distinguish the different standardisation bodies and their process of design and maintenance of standards. Check the application in the home country.
- Being able to start an oversight assessment of a payment system.
- Elaborate on the basic principles of business continuity and assess case studies.

### **1.9.2 CONTENT**

The program consists of 10 blocks:

- Introduction to payment systems
- Role of Central banks and other Public Authorities in the field of payment systems
- Retail payments instruments and systems
- Large Value Payments systems
- Oversight of payment systems
- Single Euro Payments Area (SEPA)
- Standardization bodies and their standards
- Business Continuity for interbank payment systems
- Legal issues for payment systems

Challenges for Central Banks in a changing payments landscape



## **1.10 BASIS FOR IMPORT-EXPORT CONTROL AND FOREIGN EXCHANGE CONTROL IN DEVELOPED COUNTRIES**

### **1.10.1 OBJECTIVES**

- Analyse recent trends and developments in exchange arrangements and exchange restrictions and controls on current (and capital) account transactions in (developed) countries, analyse the regulatory and legal framework regarding current (capital) account liberalization.
- Analyse the policy implications of liberalization of the current (capital) account for the conduct of foreign exchange policy and the management of foreign reserves by a central bank (country experiences). In this context the implications of (large) reserves accumulation will be addressed, in particular from the viewpoint of commodity exporting countries.

### **1.10.2 TARGET GROUP**

- Financial market experts (front/back /middle office) and specialists in foreign exchange regulations and foreign economic relations of the Central Bank of Its country / the Ministry of Finance
- Commercial bank staff in charge of the execution of international transactions and the application of foreign exchange regulations
- Representatives of research departments of commercial banks and the Central Bank of Its country

### **1.10.3 CONTENT**

The course consists of the following parts:

#### **1.10.3.1 FOREIGN EXCHANGE & THE FOREIGN EXCHANGE MARKET**

- External and Internal Convertibility.
- Exchange Uncertainties
- Terms and Concepts
- Currencies
- Rates of Exchange
- Setting Exchange Rates
- EXCHANGE RATE DETERMINATION
- THE MECHANICS OF FOREIGN EXCHANGE OPERATIONS
- FOREIGN EXCHANGE MARKETS

#### **1.10.3.2 CURRENT ACCOUNT (IMPORT /EXPORT/INVISIBLES) CONVERTIBILITY: REGULATORY AND LEGAL FRAMEWORK**

- Concept of exchange restrictions, multiple currency practices
- Types of exchange measures giving rise to these restrictions and practices
- Role of international institutions (IMF)
- Key trends and developments in exchange restrictions and current (capital) account controls



### **1.10.3.3 POLICY IMPLICATIONS OF LIBERALIZATION OF CURRENT (CAPITAL) ACCOUNT ON**

- Foreign exchange policy and the functioning of the foreign exchange markets
- Objectives, types, costs of capital controls

### **1.10.3.4 FOREIGN RESERVES MANAGEMENT**

- Factors, motives
- Reserve adequacy: indicators
- Risks and costs of reserve accumulation
- Management of reserves: objectives, institutional framework, risk management
- Reserve management practices, central bank reserves versus sovereign wealth funds
- Introduction to sovereign wealth funds



## **1.11 PRUDENTIAL REGULATION AND SUPERVISION**

### **1.11.1 OBJECTIVES**

- Provide a comprehensive and up-to-date overview of the architecture of the prudential regulation, supervision and management applicable in and to banking institutions.
- Tailor the knowledge to participants of the banking and financial sector at large (see Target groups), including non-specialists in prudential regulation, in order to enable them to understand the rationale behind the rules and the operational organisation of prudential supervision as enforced by the supervisory authorities.
- Enhance, beyond the rules and the organisational settings, the insight into the prudential logic and policies.

### **1.11.2 TARGET GROUP**

Prudential regulation, organisation and supervision are at the core of the banking business and should be an essential component of the knowledge of all managers and specialists in the banking sector.

The module is specifically directed to an audience of non-specialists of the prudential domain, but it can be followed by members of the supervision authority and of the departments of the commercial banks involved in some manner into prudential issues and responsibilities.

### **1.11.3 CONTENT**

Introduction: prudential organisation, central banking

#### **1.11.3.1 ESSENTIALS OF BANKING: NATURE, FUNCTIONS, ACTIVITIES, CRISES**

- Financial intermediation and banking business
- Features of banking activity:
  - Balance-sheet (off-balance) and P & L account
  - Transformation of assets/maturities
  - Leverage
  - Money creation function (multiplier)
- Banking/risk management and analysis
  - Interest rate (s) (yield curve)
  - Risk categories
  - Risk management (ALM) (VAR)
  - Bank capital
  - Financial crises: bank runs: systemic crisis



### **1.11.3.2 SYSTEM-WIDE PRUDENTIAL PREVENTION AND SUPPORT FRAMEWORK (SAFETY NET)**

- Prudential framework:
  - Micro- and macro-prudential
  - Internal system in banks internal audit
- Prevention and support mechanisms
  - Obligatory reserves policy (free/required reserves)
  - Accounting standards
  - Repurchase agreements
  - Credit registry/bureau
  - Deposit guarantee systems
  - Lender of last resort function (emergency liquidity assistance)
  - Aspects of moral hazard
  - “Problem banks”

### **1.11.3.3 PRUDENTIAL REGULATION: CAPITAL ADEQUACY, THE BASEL ACCORDS**

- BIS - Basel Committee
- Regulatory capital: constituents
- Basel I minimum capital requirements (risk-based)
- Basel II: 3 pillars
  - Pillar 1 minimum capital requirements: risk based definition/content
    - ◆ Credit risk (approaches for measurement)
    - ◆ Market risk (1998 - market risk amendment)
    - ◆ Operational risk
  - Pillar 2 supervision review process
  - Pillar 3 market discipline
- Conclusion

### **1.11.3.4 ASPECTS OF PRACTICAL PRUDENTIAL SUPERVISION**

- Legislation organisation
- Prudential authority
- International surveillance & institutions (IMF/WB - FSAP - RSOC, BIS-FSI)
- Core principles for effective banking supervision
- Off-site/On-site supervision





## **1.12 MANAGEMENT INFORMATION SYSTEMS IN BANKING AND FINANCIAL INSTITUTIONS**

### **1.12.1 OBJECTIVES**

- The overall objective is to strengthen the knowledge of Management Information Systems in Banking and Financial Institutions of key staff at the central bank. Improving payment systems expertise by covering the range of critical issues in setting up and maintaining such systems.
- Present the basic concepts of MIS and more particularly of Management control. Understand the changes that occurred within the finance and banking environment.
- Present the missions and organisation of management control.
- Understand how to calculate the profitability and the gross financial margin per profit centre, calculate costs and operation costs made by profit centres.
- Distinguish the difference between forecasts, the follow up of results and equity allocation.
- Prepare budgets, management reporting schedules and understand performance indicators.
- Assess the future of management control.

### **1.12.2 CONTENT**

The program consists of 5 blocks:

- Introduction to management information systems and more particularly management control
- Mission and organisation of management control
- Profitability management
- Calculation of results per profit centre -including branches- and management ratios
- Challenges for Management Information Systems through digitalisation and multi-channel approach



## **1.13 MACROECONOMIC ANALYSIS AND MODELING**

### **1.13.1 OBJECTIVES**

The goal of the course is to present the main macroeconomic theories developed to analyse growth and business cycle phenomena. These models will be derived and used to address some practical questions. At the end of the program we will have derived a medium-size New Keynesian model and used it for simulation purposes.

### **1.13.2 CONTENTS**

The course will start with a bird eye view of the different questions addressed by the different fields of macroeconomic and the presentation of some stylized facts for industrialized countries.

After this introduction, the program will consist of two main blocks, with a particular stress on the second one. The growth block will briefly review the macroeconomic theories used to analyse the following questions: (i) how can we explain era of stagnation followed by economic growth, (ii) is there a limit to economic growth?, (iii) how to explain heterogeneity around the world in per capita revenue (in level and growth rate), (iv) what is the optimal investment rate and how to reach it. The baseline growth model will serve as a basis for the second block.

Leaving the long-run perspective of the growth models, we will then focus on the business cycle deviations from the growth path. In this short- to medium-term perspective, the interaction between nominal and real variables is at the core of central bankers' preoccupations.

- Starting from the Phillips curve evidence (inflation-growth relationship), we will understand why it is not recommended to base economic policy on statistical evidence, and underline the role of a theoretical approach.
- From the baseline growth model presented earlier we will derive the real business cycle (RBC) model, run some simulations and criticize it.
- We will then improve the basic RBC model by adding nominal and real frictions in order to obtain medium-size New Keynesian model of the type used in major central banks for economic analysis and forecasting.



## **1.14 TRADE FINANCE**

### **1.14.1 OBJECTIVES**

At the end of this course, participants will be able to:

- Understand the risks associated to International Trade,
- Understand the different Techniques of payment in International trade,
- Understand different concepts, rules and their application in handling transactional trade finance,
- Equip the participants with skills and knowledge of drafting, issuing Letters of credit and analysis of different terms of contracts between the importer and the exporter.

### **1.14.2 TARGET GROUP**

The course is intended as an introduction to branch and bank staff servicing SMEs and corporates of which some have international suppliers or customers and need to pay and/or finance their activities with those. On the other hand, the course enables also staff from the Trade Finance department to deepen out their knowledge about import and export and the tools their offers/can offer to customers having those needs to fulfill.

### **1.14.3 CONTENTS**

#### **1.14.3.1 INTRODUCTION TO TRADE FINANCE**

- Background to Trade
- Financing Trade
- Risks associated to international Trade and Mitigation
- Contracts and Role of International Chamber of Commerce
- Legal environment: Currency Exchange Legislation

#### **1.14.3.2 INTERNATIONAL TRADE & PAYMENT TECHNIQUES**

- Clean Payments
- Documentary Collections
- Letters of Credit

#### **1.14.3.3 ALTERNATIVE AND ADDITIONAL SOLUTIONS**

- Discounting
- Factoring
- Promissory Note
- Credit Insurance
- Guarantees & Bonds



#### **1.14.3.4 CHALLENGES IN INTERNATIONAL TRADE**

#### **1.14.3.5 INTERNATIONAL CHAMBER OF COMMERCE RULES AND STANDARDS**

#### **1.14.3.6 GOVERNMENTS ASSISTANCE IN FINANCING EXPORTS**

#### **1.14.3.7 FUTURE OF TRADE FINANCE**



## **1.15 ASSET-LIABILITY MANAGEMENT (A.L.M.)**

### **1.15.1 OBJECTIVES**

The objective of this course is to provide the participants with an overview of fundamental as well as advanced techniques in Asset & Liability management, to learn to get familiar with the key risk concepts and retain them through the use of illustrative examples and practical applications, to be able to analyse ALM frameworks and to understand how ALM standards are developed and how to implementing them in an efficient way in a bank, and to be able to integrate the learned concepts in their respective work as the course aims at mixing theoretical and practical aspects of ALM risk management in a systematic way.

### **1.15.2 TARGET GROUP**

Top and medium level executives from banks (commercial and central), financial institutions or supervision authorities, involved in risk management, asset & liability management, treasury and internal control.

### **1.15.3 CONTENTS**

- Introduction to ALM
- The Basics of ALM
- Banking book / Trading book
- Interest Rate Risk and Foreign Exchange risk
- ALM and Liquidity Risk
- ALM governance
- The ALM function
- Setting the ALM risk appetite
- The role of the Asset and Liability Management Committee (the ALCo)



## **2 SIMULATIONS**

### **2.1 MANAGEMENT OF FINANCIAL INSTITUTIONS (BANKSIM)**

Introduction: The program consists of a combination of two parts: a conceptual and a practical part.

The conceptual part includes discussions, case studies and exercises on several theoretical and practical aspects of financial and general management in a universal bank. During these conceptual sessions our trainers share their real banking experience with participants. The practical part includes the use of the BankSim banking simulation program. The computer-based bank management simulation program depicts a typical full-service universal bank. A number of banks compete against each other, creating a realistic banking environment. Participants experience the consequences of taking major management decisions within a given timeframe, called a “period”. Each period is the equivalent of three months (quarter of a year). The banks conduct various banking activities in order to grow their loans, deposits, investment portfolios and other businesses in the marketplace.

#### **2.1.1 OBJECTIVES**

- To provide an understanding of the overall strategy of a bank
- To gain insight into key decisions in banking
- To understand the interdependence between business areas and the effect of decisions on financial performance

#### **2.1.2 TARGET GROUP**

- Main target group: bank managers at decision level.
- Other target group: high potential staff in management area.

#### **2.1.3 CONTENT**

- Mix between concepts and practice with practical implementation of concepts in BankSim Simulation
- Concepts are given as traditional lectures - For BankSim practical sessions, participants are divided in small management teams.

The following specific banking activities are included in the simulation:

- Credit Risk Management
- Distribution Channel management
- Private banking activities
- Investment banking activities
- Savings passbooks and Certificates of Deposits
- Capital Account Management following Basel I or Basel II regulation
- Off-Balance Sheet items



The following quarterly results (output) are produced by the simulation program:

- Tutor Report;
- Bank's own Financial Statements, comprising:
  - Balance Sheet;
  - Income Statement;
  - Notes to the Financial Statements (including a Financial Analysis);
  - Industry Report
  - Market Reports

The following banking activities can be enabled / disabled:

- Mortgages (Fixed rate & Variable rate);
- Securitisation;
- Branches (open/close) versus Fixed Network;
- Issue of shares versus fixed amount of Share Capital;
- Investment Portfolio (T-Bonds);
- Naked Swaps;
- Credit Derivatives;
- Investment Banking;
- Repos and Reverse Repos.



## **2.2 BRANCH PERFORMANCE MANAGEMENT SIMULATION (BRANCHSIM)**

Introduction: The program consists of a combination of two parts: a conceptual and a practical part. The realistic branch environment is created through the integration of four proven approaches to training and development:

- A high-level, interactive, computerised banking simulation
- Team or group work
- Short workshops on specific topics such as increasing product and service range, multi-channel distribution, increased market segmentation and competition, branch income and expense reorganisation, branch human resources management
- Result presentations in public.

### **2.2.1 OBJECTIVES**

The Branch Performance Management Seminar (BranchSIM) aims to equip branch managers in a complex and continuously changing environment with an understanding of the many factors influencing present-day branch management.

The seminar focuses on the key success factors and their interdependency that determine the performance of a branch, and covers issues such as:

- Increasing market share in profitable segments by using the right pricing and marketing tools (above and below-the-line tools, call centre outbound campaigns);
- Increasing productivity within the branch (process and operations management, HRM and staff motivation, financial management and outsourcing, influencing a customer's payment behaviour by charging for services, investing in remote banking hardware and software, call centre inbound calls)
- Increasing customer value through high quality service, the management of distribution channels, customer management (to increase the profitability of each segment and product range, whilst keeping track of customer satisfaction), training personnel in relationship management.

### **2.2.2 TARGET GROUP**

- Regional and Branch Managers
- Sales and marketing managers that require a solid understanding of the various factors influencing market share
- All bankers forming part of the management team of the branch and/or region
- Junior bank professionals earmarked for promotion or part of an accelerated growth program.





### 2.2.3 CONTENT

The seminar takes as its departure point the current situation for most branches in developed countries. It examines the change drivers for branch strategies. To understand these change drivers, it studies Porter's five forces model applied to the banking sector. A value chain approach to product delivery and how this can be optimised, will lead the participants to the main strategy changes required to cut costs and work more efficiently and become more customer focused in a global framework of total quality management.

At the end of the seminar, participants should have a general idea on their current level in their branch strategy development, and what the 'state of the art branch strategies' is, developed in different parts of the world.

The branch teams will have to decide upon:

- Prices for all the products and the segments they address to
- Marketing and desk sales effort to be undertaken per product
- Investments such as branch remodelling in function of ATMs and kiosks to be installed
- Personnel retraining enabling them to address new target groups, salary bonus incentives, and recruitment of personnel
- Charging for services as one of the change drivers for changing customers' behaviour
- Influence of all these decisions upon customer satisfaction in a global framework of total quality management.



## **2.3 ADVANCED CREDIT RISK MANAGEMENT SIMULATION (CREDSTRAT)**

Introduction: Advanced Credit Risk Management is a training program designed to be a “hands-on” practical training of advanced risk management concepts as applicable to financial institutions. The program consists of a combination of a conceptual part and a computer-based bank management Simulation (CredStrat) for Credit Risk. The conceptual part includes discussions, case studies and exercises on several theoretical and practical aspects of credit risk management at portfolio level in a universal bank. The simulation presents a typical bank with credit activities in multiple industries and different products.

### **2.3.1 OBJECTIVES**

CredStrat seminar focuses on the global bank-wide credit management of multiple credit portfolios, with the following specific objectives:

- To provide participants with an understanding of the information and systems required in order to maximise the EVA on a variance / covariance basis
- To provide participants with a framework for the different risk quantification techniques
- To expose participants to the latest thinking and strategic decision making mechanisms of credit risk management
- To discuss and explain the regulations on solvency and credit risk management adopted by the Basle Committee
- To provide bankers with a working knowledge of the fundamental variables and relationships that affect credit policy decisions
- To understand the different credit risk management options (pricing, volumes, LGD variables, credit swap etc).

### **2.3.2 TARGET GROUP**

- All Credit department staff
- Personnel with responsibilities in the field of credit risk assessment
- Departments’ heads of business units (Retail, corporate, investment banking...)
- Departmental heads of support units (Finance, MIS & accounting, audit, IS/IT...)
- Members to Credit Committees in banks
- Members to Management Board that are not specialised in risk management.



### 2.3.3 CONTENT

The conceptual part provides insight into the following key topics:

- Credit Variance optimisation: Single transaction management (CAPM, Expected and unexpected risks, PD - EAD - LGD, ...);
- Credit Covariance optimisation or diversification policies: Multiple Transactions (portfolio theory, economic equity optimisation and advanced pricing);
- Credit Risk Quantification Methodologies (Related corporate finance theory and probability and statistic models of which Stochastic models, statistical simulations, credit metrics ...)
- Economic Equity budgeting and allocation (RAROC, B2, treatment of diversification values...)
- Credit Derivatives.

In the simulation, participants are divided into Credit Management Committees. The individual management teams have to make decisions on all aspects of Credit Risk Management for their respective banks. The CredStrat computer-based simulation is used to allow participants to experience and measure both the immediate and the long-term effects of their decisions. Participants have ample opportunity to test their own credit risk strategies, policy decisions, hands-on and practical decision skills within a highly competitive environment.

## **2.4 BUSINESS MANAGEMENT SIMULATION (COMSIM)**

Introduction: ComSIM uses a combination of formal concepts and a practical business simulation to ensure that skills are not only acquired, but applied in a live and dynamic case study. The program is aimed at new and existing SME owners that need to enhance their skills, especially if they would like to expand their businesses, apply for funding, looking for new opportunities, etc.

### **2.4.1 OBJECTIVES**

- Enable participants to acquire specific skills in business processes, new management skills, to reinforce existing skills and to identify skill deficiencies
- Enhance functional knowledge and the understanding of business and management disciplines
- Develop greater business awareness in a global market context
- Understand the need for change in a business (economic environment; competitive environment, external factors);
- Link overall strategies to the successful implementation of operational strategies
- Improve participants' personal and team behavior (including team building)
- Understand and implement corporate objectives matching the economic and social environment.

### **2.4.2 TARGET GROUP**

ComSIM allows for target participants that range from supervisory to middle and regional level managers from all sectors of the economy - manufacturing, commerce, banking and finance, business and personal services.

#### **2.4.2.1 GENERAL COMMERCIAL BUSINESS**

- Middle and functional line managers
- Technical specialists (i.e. engineers, senior technicians) moving into management
- Sales managers / representatives
- Staff that often have to liaise with business clients
- Supervisors
- Senior foremen
- Finance managers
- Human resources managers
- Credit managers / advisers
- Graduate trainees and managers
- Divisional managers



#### **2.4.2.2 FINANCIAL INSTITUTIONS**

- Sales managers
- Credit managers
- Relationship managers and business development advisers
- Account managers
- Branch managers
- Technical specialists (i.e. structured finance specialists) moving into management
- Human resources managers
- Graduate trainees and managers

#### **2.4.2.3 CONTENT**

ComSIM comprehensively covers the five key areas of SME management:

- Business strategy for SME's
- Operations/production/capacity management
- Marketing and sales
- Business finance
- People management

This integrated approach focuses on the whole business and will clearly show for participants the importance of managing all these aspects well and in an integrated manner.

ComSIM was designed according international standards of outcomes based adult learning. The intervention addresses over 80 learning outcomes in the following areas:

- Business competencies (i.e. multi-functional orientation; business systems and processes; interpreting financial statements, customer orientation and service; performance management; industrial relations, quality management and professionalism)
- Management competencies (i.e. information processing and analysis; problem resolution and decision making; planning and organizing; delegation and control)
- Leading competencies (i.e. strategic thinking and alignment; change management; learning orientation; motivation)
- Interactive competencies (i.e. communication; coaching and facilitation; relationship building and team leadership; conflict management; managing diversity; empowerment; stakeholder involvement).



## 2.5 METHODOLOGY

Belgian Bankers Academy can organize the simulations in two different ways:

- Organisation of stand-alone sessions
  - Organisation of train-the-trainer courses
- If it is the beneficiary's intention to organise the training courses for a large group of participants in the future, BBA can also set up a Train-the-Trainer program, to prepare local trainers for future courses.

### 2.5.1 METHODOLOGY - TRAINING-OF-TRAINER APPROACH (TOT)

The main objective of this approach is to train adequate number of trainees in order to participate as qualified trainers in future training programs.

The methodology consists of transmitting the know-how to be acquired in 3 steps:

#### First Session: Training-of-Trainer

Following the nomination of the potential local trainers, the first session of the courses will be organised. This series of seminars will be fully executed by the BBA trainers/experts. The idea is to have the participants who will be trained to take over the seminars gradually. The participants will receive additional training and instructor manuals to prepare themselves for the next sessions (see further under b. and c.) during the second session of the training. The dedicated staff members participate already actively in order to be prepared to deliver about 50% - 60% of the next training session.

#### Second Session: Training-of-Trainer

Whereas the first session was fully executed by the foreign lecturers, the potential trainers will now be asked to assist in the conduct of the seminars, and will have to present a limited number of topics themselves. Training session will be organised where the material is delivered up to 50% by the local staff member/trainers consecutively. On-going consultation and coaching during this session will allow the participants to get gradually acquainted with the content of the courses.

#### Third Session: Training-of-Trainer with real public

In the third session, the training tasks are divided among the various local trainers. Ideally, a new audience of the ultimate target group should also be present and able to participate actively. This gives the local trainers the opportunity to gain real training experience, and the international trainers to make adjustments in a real-time situation.

#### Coaching and Consultation:

Upon the completion of the second session, the local team becomes fully responsible for the management and the execution of the seminar. However, the BBA lecturers will be able to assist them during the seminar and provide support in those conceptual areas that the local experts have not fully mastered yet. The role of the BBA experts is limited to monitoring the pedagogical and content approach, to intervene during question times and carry out the last corrections in the material.



## **3 PRINCIPLES OF MODERN BANKING**

### **3.1 MODULE 1: FUNCTIONS OF A BANK**

#### **3.1.1 OBJECTIVES**

- To understand the economic role performed by banks in a market economy, in particular, the functions of payments and intermediation.
- To describe the development of money and the evolution of bank & quasi-money.
- To explain how banks create money and define the commonly used measures of monetary stock (aggregates).
- To explain how financial intermediation works in practice and how banks spread risks and gather market and rate information.
- To understand maturity conversion and the fundamentals of savings and credits.
- To explain the theory of interest rate formation and describe how in practice banks set their rates.

#### **3.1.2 CONTENT**

##### **3.1.2.1 INTRODUCTION**

##### **3.1.2.2 BANKS' ROLE IN THE PAYMENT SYSTEM**

- Introduction
- Money
  - Historical aspects
  - Notes & coins versus bank money
  - Money creation and issue
  - Measures of Monetary Stock
  - Inflation



### **3.1.2.3 FINANCIAL INTERMEDIATION**

- Introduction
- The needs of the lender
- The needs of the borrower
- How banks spread risk
  - Information and markets
  - Information
  - Markets
  - Branch Network
  - Interest rate formation
- Funds maturity conversion
  - Savings & Credits
  - Maturity conversion

### **3.1.2.4 CONCLUSIONS**





## **3.2 MODULE 2: BALANCE SHEET ACTIVITIES**

### **3.2.1 OBJECTIVES**

- To describe the structure of a bank's balance sheet, its Asset and Liability categories
- To describe the major types of products which the bank offers and which have an impact on the balance sheet structure: payment services, deposits and credits, and more specifically:
  - the characteristics for the client: liquidity, interest rate or cost, service level
  - the characteristics for the bank: liquidity, profitability, risk
- To describe the global situation and evolution of the market structure of financial products.

### **3.2.2 CONTENT**

#### **3.2.2.1 INTRODUCTION**

- The Basic structure of a bank's balance sheet
- Balance structure requirement

#### **3.2.2.2 LIABILITIES**

- Introduction
- Shareholders' funds
- Deposits
  - Introduction
  - Customer Retail Deposits
  - Wholesale Deposits
  - Bank Deposits

#### **3.2.2.3 ASSETS**

- Introduction
- Credits to individuals
- Credit to Business
- Credit to Public Sector
- Other earning assets
- Non earning assets
- Summary

#### **3.2.2.4 CONCLUSIONS**



### **3.3 MODULE 3: FEE BUSINESS**

#### **3.3.1 OBJECTIVES**

- To give an overview of banking activities generating commission-income, contrary to interest margin activities;
- To describe and understand the functioning and evolution of the national and international payment systems;
- To describe and understand the banks' role in payment systems;
- To indicate the risks and opportunities which the offering of diverse services involve for a bank.

#### **3.3.2 CONTENT**

##### **3.3.2.1 INTRODUCTION**

##### **3.3.2.2 PAYMENTS**

- Introduction
- Domestic Payments
  - Instruments used for domestic payments
  - Interbank payment systems
  - Payment Systems for Business
- International Payment
  - Comparison between domestic and international payments
  - Instruments used for international payments
  - Organisation of the international interbank payments

##### **3.3.2.3 FINANCIAL SERVICES**

- Introduction
- General Bank services
  - Services in connection with securities
  - Investment Advice and Asset Management
  - Institutions for collective investment
  - Derivatives
  - Services in connection with Forex
  - Other services

##### **3.3.2.4 SERVICES PROVIDED TO PROFESSIONALS AND INSTITUTIONAL COUNTERPARTS**

## **3.4 MODULE 4: BANK REGULATION**

### **3.4.1 OBJECTIVES**

- Provide a comprehensive and up-to-date overview of the architecture of the prudential regulation, supervision and management applicable in and to banking institutions
- Tailor the knowledge to participants of the banking and financial sector at large (see Target groups), including non specialists in prudential regulation, in order to enable them to understand the rationale behind the rules and the operational organisation of prudential supervision as enforced by the supervisory authorities
- Enhance, beyond the rules and the organisational settings, the insight into the prudential logic and policies.

### **3.4.2 CONTENT**

#### **3.4.2.1 ESSENTIALS OF BANKING: NATURE, FUNCTIONS, ACTIVITIES, CRISES**

- Financial intermediation and banking business
- Features of banking activity
- Banking/risk management and analysis
  - Interest rate (s) (yield curve)
  - Risk categories
  - Risk management (ALM) (VAR)
  - Bank capital
  - Financial crises: bank runs: systemic crisis

#### **3.4.2.2 SYSTEM-WIDE PRUDENTIAL PREVENTION AND SUPPORT FRAMEWORK (SAFETY NET)**

- Prudential framework
- Prevention and support mechanisms
  - Obligatory reserves policy (free/required reserves)
  - Accounting standards
  - Repurchase agreements
  - Credit registry/bureau
  - Deposit guarantee systems
  - Lender of last resort function (emergency liquidity assistance)
  - Aspects of moral hazard
  - “Problem banks”



### **3.4.2.3 PRUDENTIAL REGULATION: CAPITAL ADEQUACY, THE BASEL ACCORDS**

- BIS - Basel Committee
- Regulatory capital: constituents
- Basel I minimum capital requirements (risk-based)
- Basel II: 3 pillars
  - Pillar 1 minimum capital requirements: risk based definition/content
  - Pillar 2 supervision review process
  - Pillar 3 market discipline
- Basle III...
- Conclusion

### **3.4.2.4 ASPECTS OF PRACTICAL PRUDENTIAL SUPERVISION**

- Legislation organisation
- Prudential authority
- International surveillance & institutions (IMF/WB - FSAP - RSOC, BIS-FSI)
- Core principles for effective banking supervision
- Off-site/On-site supervision.



## **3.5 MODULE 5: BANK ORGANISATION**

### **3.5.1 OBJECTIVES**

- To provide an overview of the organisation of a bank;
- To describe the function and purpose of the various divisions/departments in the organisation of a typical bank;
- To develop an appreciation of the influence of various external issues on the organisation of a bank;
- To provide a brief overview of the future impact of technology on bank organisation.

### **3.5.2 CONTENT**

#### **3.5.2.1 BASIC PRINCIPLES**

- Meeting the bank's objective
- Minimising the risks
- Functional structures

#### **3.5.2.2 ORGANISATION AND STRUCTURES**

- Organisation of a typical bank
- Functions reporting directly to the management committee
- Branch organisation
- Example

#### **3.5.2.3 THE INFLUENCE OF SOCIAL AND POLITICAL ISSUES ON BANK ORGANISATION**

#### **3.5.2.4 MANAGEMENT OF PRODUCTS**

#### **3.5.2.5 THE IMPORTANCE OF INFORMATION TECHNOLOGY**

#### **3.5.2.6 THE FUTURE OF BANKING**



## **3.6 MODULE 6: FINANCIAL ASPECTS OF BANK MANAGEMENT**

### **3.6.1 OBJECTIVES**

- To define the terminology used in bank financial reporting and develop an understanding of the basic accounting principles governing bank financial statements
- To examine the general regulatory framework for bank reporting in Europe and explain the main requirements laid down for banks' annual accounts
- To acquire sufficient knowledge of the basic accounting principles involved to facilitate the interpretation and analysis of banks' annual accounts
- To explain how banks generate income, identify the various types of costs and show how profits are derived
- To analyse the other sources of (non accounting) information in the annual report
- To identify the critical areas of financial reporting and understand the principles involved
- To define the needs of banks' management for internal financial information and identify the differences with external reporting and with the requirements of regulators.

### **3.6.2 CONTENT**

#### **3.6.2.1 INTRODUCTION TO BALANCE SHEET AND P&L STATEMENTS**

- Introduction
- Sources and usage of funds
- Income Statement

#### **3.6.2.2 INTERPRETATION OF ANNUAL REPORT AND ACCOUNTS**

- Introduction
- Structure of the Balance sheet
- Income Statement
- Structure of the profit and Loss Account
- Other information in Bank Financial Statements
- Problems encountered in interpreting Bank Financial Statements

#### **3.6.2.3 INTERNAL FINANCIAL REPORTING**

- Introduction
- Setting up the chart of accounts
- Profitability Measurement
- Other financial reports

#### **3.6.2.4 CONCLUDING REMARKS**



## **3.7 MODULE 7: CREDIT MANAGEMENT**

### **3.7.1 OBJECTIVES**

- Analyze the place of credit activities in the Balance sheet and Income statement of Financial Institutions
- Introduce participants to some best practices in the internal organisation of credit activities
- Detail the different approaches in credit assessment in order to avoid Non Performing Loans
- Introduce participants to the business and financial analysis in the Credit assessment of loans for Small & Medium-sized Companies.

### **3.7.2 CONTENT**

#### **3.7.2.1 CREDIT ACTIVITIES & MANAGEMENT OF BANKING**

- Intermediation and transformation function
- Credit activities, Balance sheet & Income statement
- Strategy & Organisation
- Main Challenges

#### **3.7.2.2 CREDIT RISK**

- Concepts
- Link with other financial risks
- Link with Capital Management

#### **3.7.2.3 CREDIT INTERNAL ORGANISATION**

- Credit Policy
- Credit Processes
- Credit Procedures
- Credit Products
- Credit Pricing
- Credit Papers
- Credit People

#### **3.7.2.4 CREDIT PRODUCTS**

- For Businesses
- For Individuals

#### **3.7.2.5 CREDIT ASSESSMENT**

- For Individuals
- For Businesses
- Main usual tools



### **3.7.2.6 FINANCIAL ANALYSIS AS PART OF CREDIT ASSESSMENT**

- Components of Financial Statements
- Ratio analysis
- Case studies





## **3.8 MODULE 8: INTERNATIONAL BANKING**

### **3.8.1 OBJECTIVES**

- Students should be able to evaluate the consequences of the various exchange rate systems for the multinational company and to suggest methods to cope with the foreign exchange risk by using internal or external techniques.
- Moreover, they should be able to indicate how companies and governments can use the international financial markets for short and long-term financing needs.

### **3.8.2 CONTENT**

#### **3.8.2.1 THE INTERNATIONAL MONETARY SYSTEM**

#### **3.8.2.2 THE DETERMINATION OF EXCHANGE RATES**

#### **3.8.2.3 THE FOREIGN EXCHANGE MARKET**

#### **3.8.2.4 MEASURING AND MANAGING FOREIGN EXCHANGE EXPOSURES**

#### **3.8.2.5 INTERNAL AND EXTERNAL HEDGING TECHNIQUES AGAINST FOREIGN EXCHANGE RISK**

#### **3.8.2.6 INTERNATIONAL FINANCING AND INTERNATIONAL FINANCIAL MARKETS**

#### **3.8.2.7 THE EURO-CURRENCY MARKET**

#### **3.8.2.8 THE EURO-CREDIT MARKET**

#### **3.8.2.9 THE EURO-BOND MARKET**



### **3.9 MODULE 9: BANK FINANCIAL MANAGEMENT SIMULATION (BANKSIM)**

Note: The program consists of a combination of two parts: a conceptual part and a practical part.

The conceptual part includes discussions, case studies and exercises on several theoretical and practical aspects of financial and general management in a universal bank. During these conceptual sessions our trainers share their real banking experience with participants. The practical part includes the use of the B@nkSIM banking simulation program. The computer-based bank management simulation program depicts a typical full-service universal bank. A number of banks compete against each other, creating a realistic banking environment. Participants experience the consequences of taking major management decisions within a given timeframe, called a “period”. Each period is the equivalent of three months (quarter of a year). The banks conduct various banking activities in order to grow their loans, deposits, investment portfolios and other business in the marketplace.

#### **3.9.1 OBJECTIVES**

- To provide an understanding of the overall strategy of a bank
- To gain insight into key decisions in banking
- To understand the interdependence between business areas and the effect of decisions on financial performance

#### **3.9.2 CONTENT**

##### **3.9.2.1 THE FOLLOWING SPECIFIC BANKING ACTIVITIES ARE INCLUDED IN THE SIMULATION**

- Liquidity Risk Management
- Credit Risk Management
- Distribution Channel management
- Private banking activities
- Investment banking activities
- Savings- and Certificates of Deposits
- Capital Account Management following Basel I or Basel II regulation
- Off-Balance Sheet items

##### **3.9.2.2 THE FOLLOWING QUARTERLY RESULTS (OUTPUT) IS PRODUCED BY THE SIMULATION PROGRAM:**

- Tutor Report;
- Bank's own Financial Statements, comprising of:
  - Balance Sheet
  - Income Statement
  - Notes to the Financial Statements (including a Financial Analysis);
  - Industry Report
  - Market Reports



### **3.9.2.3 THE FOLLOWING BANKING ACTIVITIES CAN BE ENABLED/DISABLED**

- Mortgages (Fixed rate & Variable rate)
- Securitisation
- Branches (open/close) versus Fixed Network
- Issue of shares versus fixed amount of Share Capital
- Investment Portfolio (T-Bonds)
- Naked Swaps
- Credit Derivatives
- Investment Banking
- Repos and Reverse Repos.



### 3.10 METHODOLOGY

Belgian Bankers Academy can organize the training programs in two different ways:

- Organisation of training courses in class room or remotely
- Organisation of training-of-trainer (T.o.T) courses.

#### 3.10.1 TRAINING COURSES

The curriculum is only an outline. This draft curriculum requests prior screening and validation by the beneficiary and BBA during the inception phase. The full curriculum with all details (such as participants' profiles, topics to be addressed, learning objectives, methodological guidelines) needs to be worked out with the beneficiary and BBA at the beginning of the project. The list and the content of the courses will be commonly determined and will be connected to specific technical areas of direct interest to the beneficiary's staff members.

The training program is made up of a coherent and comprehensive program of 9 one-week training modules to be delivered in the beneficiary's country, by a selected professional international trainer for each (and two trainers for the simulation program).

The curriculum will be submitted to the approval of the “beneficiary”, on the basis of an assessment of needs and priorities as well as past and current similar training programs. The curriculum accommodates subjects pertaining as well to the overall organisation of the financial business as to the commercial activity itself.

The modules can be tailored to the potential target groups who can be as well executives and managers as specialists of the beneficiary, mixing junior and more advanced professionals. The total number of participants per module is maximum 30 (ideally between 20 and 25 participants). The list of topics can be tailored, expanded/narrowed; some topics can be regrouped, etc. In most cases the level would be introductory pending needs (requests) analysis and further identification with and validation by the beneficiary of the course content and course participants.

The Course contents listed forms the basis for the development of a detailed curriculum. Both the development and selection of materials will be facilitated by the BBA's extensive database of bank training courses and its wide experience in developing bank training. These will be adapted to the local beneficiary environment and appropriate case studies from the local banking experience will be added. BBA experts have experience in developing and delivering courses in the various technical issues in the financial & banking fields, including microfinance, and the detailed course curricula will be co-ordinated and designed to form a logical structure, so that local staff are assisted in their professional development and acquire the skills and knowledge to equip them for their responsibilities.

Therefore, BBA will appoint a 'Program Leader", who will travel to the beneficiary's country for a one-week mission (inception phase) to identify the courses and participants, the course contents and the planning in close collaboration with the beneficiary.

The number of courses can be followed as a whole, but each course can be considered as a “stand-alone” as well. In the case of stand-alone modules, these can be facilitated in two ways: as a classroom course where the international trainer comes on site, or as a virtual lesson (webinar), where the international trainer teaches the trainees from his own computer, who also sit in front of their own computer, speak, ask questions, have



exercises made separately and - in case of multi-day sessions - give homework to present the next day to the group. Webinars are very attention absorbing and should therefore necessarily be limited to 2 hours per day. Day seminars are therefore spread over three to four mornings, afternoons or evenings.

### **3.10.2 TRAINING-OF-TRAINER (T.O.T.) PROGRAM**

If it is the beneficiary's intention to organise the training courses for a large group of participants in the future, BBA can also set up a Training-of-Trainer (T.o.T.) program, to prepare local trainers for future courses. Training courses will be developed according to the list of topics that are defined during the inception phase. Within this program, the local trainers should be encouraged to customise the materials under the supervision of the international Trainer. This would increase the commitment of the trainers and incorporate elements and contents that respond to the current conditions in the beneficiary's country.

Emphasis is placed on the changing role of the trainer vs. lecturer. Therefore, the trainer should be seen as a facilitator rather than a lecturer. Facilitation is done through the best method available, using the resources available and the learning and development of the group. Sessions will be carried out using case studies, with the trainer facilitating the process.

If the beneficiary would be interested in the Train-the-Trainer program, BBA can provide more detailed information on the specific approach.