
CERTIFICATION PROGRAMME: RISK MANAGEMENT IN BANKING

ORGANISATION SHEET

Objectives	<p>The certification programme: Risk Management in Banking provides participants with a solid foundation in risk management, which can serve as an entry for advanced level specialisation. The programme consists of four parts:</p> <ul style="list-style-type: none">• Fundamentals of Risk Management• Measuring and Managing Operational Risk• Measuring and Managing Market Risk• Measuring and Managing Credit Risk• Measuring and Managing Liquidity Risk
Methodology	<p>The methodology used in all the courses is a combination of theory and numerous practical exercises, interaction between trainer and participants, and case studies.</p>
Target group	<p>Professionals from banks (commercial and central), financial institutions or supervision authorities such as risk managers, auditors and department managers, with at least 3 years of experience in the banking environment.</p>
Examination	<p>The participants will have their newly acquired knowledge validated through a written exam, and will be granted a certificate of success issued by the Luxembourg Association for Risk Management (ALRiM) and the House of Training.</p>
Lecturers	<p>Experienced trainers, members of the House of Training Quality Circle in Risk Management¹</p>
Language	<p>A very good command of English is required.</p>
Participants	<p>Selected among candidates from the following partner countries: Albania, Armenia, Azerbaijan, Bosnia & Herzegovina, Bulgaria, Cape Verde, China, Croatia, Czech Republic, Egypt, El Salvador, Estonia, Georgia, Hungary, Kazakhstan, Kosovo, Latvia, Lebanon, Lithuania, Macedonia, Moldova, Mongolia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tunisia, Turkey, Ukraine, Vietnam and the West African Economic and Monetary Union</p>
Dates	<p>10 working days From Monday 5 to Friday 16 March 2018 Arrival on Sunday 4 March, departure on Saturday 17 March 2018</p>



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CONTENT

DAY 1: FUNDAMENTALS OF RISK MANAGEMENT

Introduction

- Risk and risk management
- Types of financial risk
- The Basel Committee on Banking Supervision
- Measuring and managing risk

Fundamentals of Market Risk

- Market risk in banking
- Components of market risk

Fundamentals of Credit Risk

- Components of credit risk
- Counterparty/settlement risk
- Default risk
- Downgrade risk and the rating agencies

Fundamentals of Operational Risk

- Causes of operational risk
- Operational risk management cycle
- Risk and control self-assessment

Fundamentals of Liquidity Risk

- Liquidity risk as a consequential risk
- Types of liquidity risk
- Asset and liability management

Future Trends in Risk Management

DAY 2 AND 3: MEASURING AND MANAGING MARKET RISK

Components of Market Risk:

- Equity risk
- Interest rate risk
- Currency risk
- Commodities risk

Market Risk on Derivatives and Portfolios

Value at Risk and Stress Testing

- Characteristics of VaR
- Methods of calculating VaR



Stress testing
Back testing and scenario analysis

Regulatory Environment for Market Risk

Market risk in the Basel Accord
Standardised Method
Internal Model Approach

Market Risk Reporting

DAY 4 AND 5: MEASURING AND MANAGING CREDIT/COUNTERPARTY risk

Introduction and Definitions

Components of credit risk
Variables in credit risk models

Credit Risk in Different Financial Instruments/Activities

Lending
Bonds
Derivatives

Internal Credit Assessment

External Credit Ratings

Key Concepts of Credit Risk Measurement

Default and Transition Matrices
Expected Loss (EL) and Unexpected Loss (UL)
Credit portfolio management and Credit VaR

Regulatory Requirements for Banks

The Standardised Approach
The Internal Ratings Based (IRB) Approach
Credit risk mitigation techniques
Counterparty credit risk

Credit Risk Reporting

DAY 6 AND 7: MEASURING AND MANAGING OPERATIONAL RISK

Introduction

What is operational risk?
Why has operational risk become so important?

Key Concepts of Operational Risk

Causes of operational risk
Event types
Types of impact from operational risk



Analysing the Causes of Operational Risk

- Processes
- People
- Systems
- External Events

Operational Risk in the Basel Accord

- Basic Indicator Approach
- The Standardised Approach
- Advanced Measurement Approach

Operational Risk Management Cycle

- Identify
- Assess
- Mitigate
- Monitor and report

Loss Data Collection/Processing

- Incident database
- Key risk indicators
- Risk mapping
- Risk & control self assessment

Organisational Aspects

- Governance
- Three lines of defence
- Organising operational risk management

DAY 8 AND 9: MEASURING AND MANAGING LIQUIDITY RISK

Introduction

Liquidity Risk Management Framework

Governance and organizational structure

Asset liquidity risk

Funding liquidity risk

Liquidity risk measurement

Liquidity risk contingency planning

Liquidity risk regulation

- LCR and NSFR
- Intraday Liquidity Monitoring
- Basel Leverage Ratio
- Pillar II and IFRS
- CSSF regulation



HOUSE OF TRAINING



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG



The financial crisis 2007 – 2009

Case studies from the financial crisis

Northern Rock
Bear Stearns

DAY 10:

Wrap-up and revision time in presence of a House of Training expert
Written exam based on all covered topics during the 2-week course in Luxembourg.

Remark: By delivery date, any training documentation shall be subject to regular reviews and updates amending the table of content as described herein.

¹ One of the core values of the House of Training is pragmatism, the training it provides is therefore: practical, current, modular and targeted.

Bank and finance professionals from all disciplines are facing one international challenge in particular, which is to work together to improve the quality of services while reducing costs, within a framework that is increasingly subject to strict regulations and the use of technology.

In order to face the challenge of delivering fully-adapted training programmes, the House of Training uses a quality management method that it calls "Quality Circles", that bring together professionals and practitioners from the financial sector with shared goals, philosophy and passion for learning. Our quality circles have an intimate knowledge of the real needs in the industry and collaborate actively with the House of Training to integrate this understanding into our programmes.

Programme organised in collaboration with and validated by

