CERTIFICATE IN BANK RISK MANAGEMENT

ENROL NOW IN THIS EXCITING CERTIFICATE DEVELOPED FOR A DIGITAL AGE

Level: *SCQF Level 10/EQF Level 6*

Credits: *30*

Qualification to which module contributes:

- *Certificate in Bank Risk Management*
- *Advanced Diploma in Banking and Leadership in a Digital Age*

Chartered Banker

Module Version 1

AUDIENCE:

Current or aspiring bank employees; although not essential, prior banking qualifications, for example the Institute's *Professional Banker Certificate* and *Professional Banker Diploma*, would be an advantage, as would knowledge of formal academic methods.

AIM:

To develop the learner's knowledge, understanding and skills relating to bank risk management in a digital age, considering the types of risk that arise from the nature of banking, the trends that are shaping emerging risks, and the implications of these for the future of bank risk management. The learner will develop their ability to view risk holistically across the bank, identify and manage risk within the context of their own role, and think ahead and prepare for the future. They will also enhance their understanding of what it takes to build an effective risk culture that supports the bank's strategy and values and where decisions are made in line with the bank's risk appetite.

LEARNING OUTCOMES:

On completion of this module, the learner will be able to:

1. evaluate the impact of current trends and influences on the types of risk to which banks are exposed due to the nature of their activities, and the implications of emerging risks for effective risk management
2. assess the extent to which the regulatory responses to bank failures and financial crises have been effective in improving bank risk management
3. critically reflect on the extent to which adoption of a holistic approach to risk management is effective in measuring, monitoring and mitigating risks to which a bank is exposed
4. assess the ways in which banks manage a range of key risks
5. critically assess the ways in which best practice in risk management could be applied to build and embed an effective risk culture
6. formulate a view on what the bank of the future may look like and the implications for bank risk management.

DELIVERY METHODOLOGY:

Bank Risk Management has six units. The learning approach includes:

- reading and self-study
- self-assessment and reflective activities
- case studies
- online discussion forums
- online knowledge checks at the end of each unit
- applying learning at work
- reviewing and reflecting on current practice
- creating a personal development plan to develop the learner's skills and further enhance their professional practice.

LEARNING RESOURCES:

Learning resources include:

- an interactive study guide in pdf format
- text books and online resources for core reading
- recommended further reading and resources.

ASSESSMENT:

Bank Risk Management is assessed by a 6,000 word work-based assignment designed to transform theory into practice and ensure a close fit between professional qualification and business need. Completing the assignment will enable the learner to demonstrate their achievement of the module learning outcomes, as well as their understanding of bank risk management in a digital age and their application of professional values and behaviours. Formative assessment is provided in the form of online objective testing at the end of each unit.

Module Version 1 (Cont'd.)

UNIT 1: BANK BUSINESS AND RISKS

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	**The learner can:**	
LO1: Evaluate the impact of current trends and influences on the types of risk to which banks are exposed due to the nature of their activities, and the implications of emerging risks for effective risk management.	1.1 Explain key principles of banking, finance and financial products. 1.2 Differentiate between the types of risk to which a bank is exposed and how they are interrelated. 1.3 Identify the key drivers of risk and emerging risks in the current risk landscape for banks. 1.4 Evaluate the impact of current trends and influences on the types of risk to which banks are exposed and the implications of emerging risks for effective risk management.	Overview of key principles of banking, finance and financial products: • bank business and bank capital • bank assets and liabilities • the money markets • bank products and activities • bank structures and business models • financial statement components • financial ratios • credit analysis • derivative instruments and hedging • yields and the yield curve • securitisation Types of bank risk Risk drivers, influences and trends.

Module Version 1 (Cont'd.)

UNIT 2: BANK FAILURES, FINANCIAL CRISES AND REGULATION

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	**The learner can:**	
LO2: Assess the extent to which the regulatory responses to bank failures and financial crises have been effective in improving bank risk management.	**2.1** Identify the key determinants of bank failure and the causes of banking and financial crises. **2.2** Differentiate between types of early warning systems designed to monitor bank risk and vulnerabilities in the financial system. **2.3** Assess the extent to which the regulatory responses to bank failures and financial crises have been effective in improving bank risk management. **2.4** Explain what is meant by conduct risk and the purpose of conduct of business regulation. **2.5** Explain the purpose and evolution of bank capital regulation.	Bank failure Early warning signals for bank soundness Bank restructuring Banking crises Bank regulation and supervision Conduct of business regulation Regulatory capital and the capital adequacy assessment process

Module Version 1 (Cont'd.)

UNIT 3: BANKS AND RISK MANAGEMENT

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	**The learner can:**	
LO3: Critically reflect on the extent to which adoption of a holistic approach to risk management is effective in measuring, monitoring and mitigating risks to which a bank is exposed.	3.1 Explain the role of a bank's centralised risk management function and the ways in which a bank establishes risk policies that fit its markets and capabilities. 3.2 Assess the benefits and challenges of implementing the three lines of defence model in an operational risk management framework. 3.3 Identify the components of an enterprise wide risk management framework and assess the extent to which adoption of a holistic approach to risk management is effective in measuring, monitoring and mitigating risks to which a bank is exposed. 3.4 Examine the impact of current trends on managing risk across the bank. 3.5 Examine a range of key bank risk concepts and the implications of these for effective bank risk management.	Governance and the centralised risk function Operational risk framework The three lines of defence model A holistic approach to risk management and enterprise wide risk management frameworks Risk management overview and principles: • risk policies • aggregation of risk • diversification • concentration • correlation • risk appetite • volatility • value-at-risk.

Module Version 1 (Cont'd.)

UNIT 4: MANAGING BANK RISKS

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	**The learner can:**	
LO4: Assess the ways in which banks manage a range of key risks.	4.1 Assess the implications of credit risk and the ways in which banks manage this risk. 4.2 Explain what is meant by interest and market risk and assess the ways in which banks manage these risks. 4.3 Assess the implications of liquidity risk and the ways in which banks manage this risk. 4.4 Assess the scope of operational risk and the ways in which banks manage the risks arising from its operations. 4.5 Assess the impact of technology on bank risk management and the implications for the future of bank risk management.	Managing credit risk Managing interest and market risk Managing liquidity risk Managing operational risk Impact of technology on bank risk management and the implications for the future

Module Version 1 (Cont'd.)

UNIT 5: RISK CULTURE

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	**The learner can:**	
LO5: Critically assess the ways in which best practice in risk management could be applied to build and embed an effective risk culture.	5.1 Explain what is meant by risk culture. 5.2 Identify the indicators of a sound risk culture. 5.3 Assess the components of a risk culture framework. 5.4 Assess the ways in which risk management best practice could be applied to build and embed an effective risk culture across the bank. 5.5 Establish a link between effective risk governance, incentive programmes and risk culture.	Risk culture defined Elements and indicators of a sound risk culture Risk culture frameworks Risk culture best practices and cultivation Risk culture, risk governance and incentive programmes

Module Version 1 (Cont'd.)

UNIT 6: THE FUTURE OF BANK RISK MANAGEMENT

Learning outcomes	Assessment criteria	Indicative content
The learner will be able to:	**The learner can:**	
LO6: Formulate a view on what the bank of the future may look like and the implications for bank risk management.	**6.1** Formulate a view on what the bank of the future may look like and the implications for bank risk management. **6.2** Identify key structural trends that are likely to fundamentally reshape the ways in which banks manage risk. **6.3** Assess what banks should be doing now to prepare for and deal with structural trends **6.4** Assess the challenges that banks will be required to navigate to enable them to thrive in the future. **6.5** Assess the ways in which banks might transform their risk management functions to adapt to a future banking environment.	The bank of the future Structural trends Navigating challenges Transforming the risk function

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