



*Banking  
Risk  
Training*

# **GARP Course “Foundations of Financial Risk” and Training of Trainers (ToT)**

---

Program Outline for Participants from Albania and Kosovo

---

**To be held in Tirana, Albania**

**June 18-22, 2018**

**IN PARTNERSHIP WITH**



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
State Secretariat for Economic Affairs SECO



## Description

A three-day GARP course, 'Foundations of Financial Risk', followed by an 80 multiple-choice question exam and a further 'train the trainer' (TOT) day and a half to teach the skills and techniques to equip candidates to deliver this course. Some pre-course study is required.

This five-day program delivers a deep, qualitative understanding of risk management methodologies, governance structures for the management of risk in banks, and the regulatory principles outlined by the Basel Committee on Banking Supervision. Successful candidates will be better prepared to recognize potential problems associated with risk assessment, mitigation and management.

## Participants

A maximum of 25 delegates, all of whom may attend the TOT final section of the program. These candidates are expected to form the new faculty to provide future training for this certification.

## Who should attend

- Professionals in banking, financial services, banking regulatory agencies, consulting firms, government organizations and agencies, central banks and academic institutions
- Professionals in non-risk groups: accounting, audit, compliance, IT, legal, operations, portfolio management, research, sales and trading
- Bankers, traders, portfolio managers, risk managers

## Objectives

- Learn about market risk management practices at global financial institutions and on market risk of financial instruments by addressing risk identification, risk measurement, and risk mitigation practices
- Understand how credit risk management practices and principles address credit risk identification, measurement, and mitigation practices
- Appreciate integrated risk management by analyzing how risk drives capital management decisions for banks, particularly the interest rate risk in the banking book and liquidity risk

Learn about operational risk and how it is effectively managed and measured in financial institutions by exploring the regulatory and business drivers for operational risk frameworks

## Exam

At the completion of this course of study, there is an optional 80 question, multiple choice exam that requires a 67% pass mark. Successful candidates will receive a certificate of completion.

Candidates will be registered for the materials and exam on the GARP website and will need to take the exam on a laptop/computer per the schedule provided below.

## Program Content

### Day One: Monday, June 18

#### Session 1: Functions and Forms of Banking

- Banks and Banking
- Different Bank Types
- Banking Risks
- Forces Shaping the Banking Industry

#### Session 2: Managing Banks

- Balance Sheet and Income Statement
- Loan Losses
- Asset and Liability Management
- Corporate Governance

#### Session 3: Banking Regulation

- The Evolution of Risk Regulation in Banking
- Foundations of Bank Regulation
- International Regulation of Bank Risks
- Deposit Insurance

#### Session 4: Credit Risk

- Introduction to Credit Risk
- Lenders
- Borrowers
- Characteristics of Credit Products
- Types of Credit Products
- The Credit Process
- The Credit Analysis Process
- Information Sources

### Day Two: Tuesday, June 19

#### Session 5: Credit Risk Management

- Portfolio Management
- Techniques to Reduce Portfolio Risk
- Portfolio Credit Risk Models
- Credit Monitoring
- Credit Rating Agencies
- Alternative Credit Risk Assessment Tools
- Early Warning Signals
- Remedial Management
- Managing Default
- Practical Implications of the Default Process
- Credit Risk and the Basel Accords

#### Session 6: Market Risk

- Introduction to Market Risk
- Basics of Financial Instruments
- Trading
- Market Risk Measurement and Management
- Market Risk Regulation

## Day Three: Wednesday, June 20

### Session 7: Operational Risk

- What Is Operational Risk?
- Operational Risk Events
- Operational Loss Events
- Operational Risk Management
- Basel II and Operational Risk

### Session 8: Regulatory Capital and Supervision

- Pillar 1 - Bank Regulatory Capital
- Types of Bank Regulatory Capital under Basel II
- Bank Capital under Basel III
- Pillar 2 - Supervisory Review
- Pillar 3 - Market Discipline
- International Cooperation
- Beyond Regulatory Capital

### Session 9: Insurance Risk

- Introduction to the Insurance Industry
- Property and Casualty Insurance
- Life Insurance
- Reinsurance
- Other Types of Risk
- Regulation and Supervision –Solvency 2 European Union
- The Role of Lloyd's of London
- Summary

## Day Four and Day Five, Thursday-Friday, June 21-22

Examination followed by training of trainers.

- Principles of Learning
- Adult learning
- Needs assessment
- Teachable moments
- Behavioural objectives
- Using hand-outs
- Lesson plans
- Questioning techniques
- Training Techniques
- Learner motivation

### Schedule (this may be adjusted as required)

- |                       |   |   |
|-----------------------|---|---|
| Monday to Wednesday   | – | Review class covering all the content in the syllabus and including explanations on training technique.             |
| Thursday, 9 am - 2 pm | – | 80 question, multiple-choice exam to be taken by personal laptop or computer  |
| Thursday, 3 pm - 5 pm | – | Deliver short specific module of training of trainers for those who have passed the exam (70% pass score required). |
| Friday, 9 am – 4pm    | – | Completion of the TTT programme.  |

## What is included in the program

- Training for 4.5 day's plus proctoring of the exam by two consultant trainers. See attached Appendix 1 – Trainers' Biographies.
- Study guide.
- Foundations of Financial Risk study and electronic access to materials and training of trainer materials. Disc/ download containing training slides for each of the candidates who attend the TTT
- Exam conducted via laptop/computer
- Certificates to successful candidates printed from computer and verified.