

New challenges in financial risk management

GOALS

This training focuses on:

- Changes in economic models resulting from regulatory reforms and digitisation;
- Enterprise Risk Management (ERM): new types of financial, non-financial and emerging risks;
- Risk appetite: link to strategy and transposition into day-to-day management decisions;
- Balance sheet optimisation and financial planning: dynamic between finance, business and ERM.

SUMMARY

Category:

- Risk, finance & treasury

Difficulty level:

Advanced

Certification type:

Seminar

Price:

- Member: € 510.00
- Non member: € 610.00
- Incompany: custom tailored, prices on demand

Points/hours:

- Bank: **1**

Accreditations:

- 600.013

INTENDED AUDIENCE

This training course can be undertaken by different groups:

- Risk managers at a company, entity or at corporate level;
- Business, risk and finance managers involved in risk appetite, financial planning and financial resource management (capital/liquidity/leverage).

FOREKNOWLEDGE

Advanced level: offers practice-based applications to complement the theoretical knowledge already acquired through the "basic level" courses (in-depth learning).

Other conditions: good understanding of results and balance sheet structure as well as underlying principles of banking regulation.

CONTENT

Content

Fundamentals of risk and value creation:

- Shareholder perspective: return on equity, share price value and growth, shareholder risk and sources of revenue volatility
- Creditor perspective: capital and liquidity reserves, credit rating, risk for creditor and sources of capital volatility
- Relationship between volatility (risk), capital and economic value creation
- Main sources of value creation in traditional banking business models

Structural changes in business models:

More market-based financing of the European economy:

- The unintended consequences of regulatory reforms
- Political incentives for more diversified financing: regulatory benefits for insurers and funds, securitisation standards, European Union of capital markets
- The impact of reduced bank lending on client behaviour risk and liquidity risk

The technological revolution in the customer interface and internal processes:

- The strategic role of data and analytics in digital banking services;

- The role of technological innovation in finance, insurance, regulation, etc.;
- The growing importance of non-financial risks (cyber-attacks, model, data, franchise, etc.)

The potential landscape of the future financial ecosystem:

- A combination of regulated and non-regulated entities;
- A separation of risk and value creation based on the client interface and balance sheet management;
- Transaction simplification and the importance of the institutions managing transactions (custody, clearing, payment, data repository, etc.);
- New sources of value creation and new risks emerging from this ecosystem.

Enterprise Risk Management:

Overview of financial and non-financial risks

Management of concentration risks

- Event risk: sources and impact of interconnections
- Systemic risk: sources and impact of correlations

New emerging risks arising from changes in business models and in the corporate context:

- Cyber risk, model risk, outsourcing risk
- Geopolitical and social risks, climate risk

Scenario-based business risk management:

- Value and limitations of sensitivity analyses
- Purpose and limitations of regulatory stress tests
- Increasing importance of estimating indirect effects of plausible scenarios
- Projected time horizon for integration of new emerging risks into plausible scenarios

Risk Appetite:

- Performance objectives and risk tolerance: the risk appetite corridor;
- From strategy to risk appetite statements;
- From risk appetite statements to risk appetite indicators;
- Cascading down to business units, legal entities and risk types;
- Model- and scenario-based assessment of compliance with the risk appetite corridor.

Balance sheet optimisation:

- The three financial resources: capital, liquidity, leverage;
- Approaches to estimating risk and performance: accounting, economic, regulatory and market methods;
- Optimisation of performance in accordance with regulatory, accounting, risk and corporate constraints;
- The role of ERM in financial planning, capital allocation and risk appetite management;
- The role of credit portfolio and cash flow management in balance sheet optimisation and capital market instruments used to mitigate risks or optimise balance sheets.

Practical information

Duration: 1 day training

Hours: 9AM-5PM (6 hours of training)

Location: Febelfin Academy, Rue d'Arlon/Aarlenstraat 80, 1040 Brussels

Additional information: This training course will be given in English

METHODOLOGY

Type of training: Classroom

During the training, we offer a combination of practice and theory. The case studies, examples and exercises are drawn from day-to-day practice or applied by you and then resolved under the supervision of the trainer.

Training materials: PowerPoint presentation

Bank: The course covers the **technical knowledge regarding the financial products** in banking and investment services in accordance with Article 7, §1, 1°, b and c of the Royal Decree of **1 July 2006**.