

Introduction to Banking

Practical two-day workshop



For whom?

The training programme is intended for everyone interested in banks and banking, and in particular new, junior and mid-level employees of banks and financial institutions, who often carry out tasks covering only part of a larger process, not always realising how their work fits in the whole process.

The programme is also specially suited for people working in banking Shared Service Centres.

This practical two-day workshop provides the definitive introduction to the workings, processes and business context of a bank.

Banks are usually huge and complex business organisations, providing a wide range of services to customers representing all segments of the economy. One of the implications of this complexity is that business processes in a bank cut through many departments in the organisation. For a bank employee handling one small part of a given process, it is not always easy to fully understand the overall business context that they input to.

As a result, employees may find it difficult to align their professional goals with the business goals of the organisation. This is most often encountered in the case of new staff starting their career in banks, but also in the case of more senior staff, for whom the lack of context may even become a source of premature professional burnout.

This course was designed to address these challenges effectively.

Objectives:

- The goal of this training programme is to equip junior and mid-level staff of banks and graduates planning a career in banking, with an overview of what a modern banking institution is, and a sound understanding of a bank's business and financial goals, its risk appetite, products and services offered to customers and the mandatory supervision of market regulators.
- This training programme can also be delivered in-house and customised to a specific firm's needs and processes.

Training Methodology:

- The programme will be conducted in the form of an interactive workshop, where all relevant issues will be discussed with the active participation of participants.
- The topics discussed during the course will be presented beyond their theoretical aspects, drawing on the trainer's practical experience and illustrated with real examples from banking institutions.



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Agenda

What banking is about

The economics of money and credit. How banks create money through granting loans? What are the key types of bank products and services, and how do they address the needs of different groups of customers? How do banks make profit on those products and services, even if the customers pay nothing? Do banks earn less when interest rates are lower? What are the business and financial goals of a bank, and how are they measured? What are the differences between commercial, investment, savings and mortgage banks?

Bank assets, liabilities and equity

What are the assets of a bank, and what is the role that each of them plays in the functioning of a bank? What are the gains and costs associated with each group of bank assets? Why does the structure of assets differ across the bank industry?

How does a bank secure the funding for its operations? What are the pros and cons of different funding sources, and why do banks tend to pay more for long-term deposits? Why do different banks finance their operations from different sources? What is the difference between funding and liquidity?

What is the importance of a bank's equity in relation to the bank's functioning? How is a bank's equity management different from other, non-financial companies?

Banking is a risky business

What are the key risk types associated with banking activities: credit risk, liquidity risk, market risk and operational risk? Where do those risks originate from, how do they interact with each other and how are they connected to profitability of a bank? What is a bank's risk appetite and who decides how much risk should be taken? How do banks identify, measure and manage risks? Why is liquidity risk crucial to a bank's survival? What do bankers do to ensure that the risks are within the margin of safety?

Bank regulations

What happens when a bank goes bust? Why are banks licensed? What is the purpose of capital adequacy regulations, such as Basel and CRD and their implications for a bank? What are other key banking regulations imposed by the European Union (like the Bank Recovery and Resolution Directive, Prudential Requirements, MIFID etc.)? What tools do regulators use to ensure that a bank complies with the regulations?

The bank as a business organisation

How banks are internally organised? What is the role of business, control and treasury departments, and how they are interconnected? What is fund transfer pricing about? What is asset and liability management (ALM)?

The proposed agenda above is in the form of a list of potential questions about banks and banking, which a beginner or progressing banker might ask. This list is based on real questions asked on various occasions, and is therefore "customised" to the real needs of new bankers.

By answering those questions, we will cover all topics that beginner bankers and people wishing to start a banking career need knowledge and skills in, for example the fundamentals of the banking business, particularly in the area of how banks make money, how they are organised and financed, and how regulatory requirements impact banks. Each of the topics will be covered with illustrations and examples. Cases will be based on real-life documents and websites of top banking institutions.

It is our trainers' belief that there are no bad questions. Participants are welcome to come up with their own questions at all times during the workshop, and we promise to address them, bearing in mind that the ultimate goal of the programme is to help the participants understand what banks and banking are.

