MOODY'S ANALYTICS

COURSE OUTLINE

Bank Regulation: Impact and Implications of Evolving Regimes

1 day
US$1,395
8 CPE Credits

Overview

The financial crisis and the subsequent widespread bank failures have led to significant changes to bank regulation, which will impact banks globally. Basel II, which had not been fully implemented in many jurisdictions, has been recalibrated and the introduction of Basel III makes changes to banks' capital and liquidity requirements that will have far-reaching consequences for many institutions. Compliance with the new rules, to which all G20 member states are committed, will present significant challenges. While some of the changes appear to have lengthy transition periods, many national regulators are compressing the timelines and market pressures are forcing many firms to make these adjustments now. This intensive one-day course will introduce delegates to the architecture and detail of the new regulation; consider the principles of economic capital that underpin the framework; and assess how the cumulative impact of Basel, Dodd-Frank, CRD IV and associated regulation may affect banks' business models.

Learning Objectives

By the end of the programme participants will know how to:

- Identify the components and methodology of an economic capital model
- Understand the Basel II three pillar approach
- Assess quality and quantity of capital
- Analyse a bank's credit and market risk exposures under the new rules
- Appreciate the significance of operational risk capital charges
- Understand the Basel III framework and revised capital requirements
- Evaluate a bank's leverage
- Identify a bank's liquidity profile
- Assess the impact of new regulation on banks' business lines and risk profile

Who Should Attend

This seminar is designed for investment and commercial bankers, credit analysts, regulators, central bankers, fixed income professionals, bond researchers (both buy and sell sides), corporate treasurers, correspondent banking officers and relationship managers involved in exposures to, or for investments in, banks. Owing to the intensive nature of this seminar, some pre-course reading will be essential.

Program Level

Program Level: Overview
Prerequisites: None
Advanced Preparation: Pre-course reading will be provided at least one week in advance of delivery
Delivery Method: Group-Live

WHY MOODY'S ANALYTICS?

Current and Consultative

Our courses are built and updated based on
Our seminars are created and updated utilizing the extensive experience, skills and research of Moody's Analytics. For in-house training, we work with you to understand the distinct needs of your organization and design, implement, and track the performance of your learning programs from end-to-end, including skills assessment, program design, implementation, evaluation, and enhancement.

Comprehensive Coverage

We offer a broad set of technical and soft skills programs that can be combined and adapted to the needs of your staff. Our areas of expertise include banking, finance, sales negotiation and leadership development.

Unparalleled Expertise

Our training solutions leverage over a century of experience in risk assessment and the comprehensive tools, data, and analysis of Moody's Analytics to deliver timely, in-depth, and comprehensive knowledge. In delivery, our people make the difference –they combine deep experience as financial practitioners, intellectual passion for the content, and superior academic credentials with a commitment to delivering outstanding quality.

Bank Regulation: Basel and Beyond

Accreditation

Moody's Analytics is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org.

Moody's Analytics is accredited with the CFA Institute and the UK Solicitors Regulation Authority.

Session 1: Basel II Framework

» The three pillar approach
» Economic capital
» Risk appetite: definition, importance and issues
» Impact of economic capital on product pricing and customer relationships and implications for performance measurement
» Expected and Unexpected Loss
» How are credit risk capital requirements calculated? PD, LGD, EAD, M, Expected Loss
» Risk-weighting credit assets under the Standardised, Foundation Internal Ratings Based (IRB) and Advanced IRB approaches
» Calculation of operational risk capital under the Basic Indicator, Standardised and Advanced Measurement approaches
» Use of quantitative and qualitative inputs, frequency and severity of loss, risk and control, self-assessments
» Introduction to Pillars 2 and 3

Exercise and Group Discussion: Factors in determining capital levels

Analyse the reported credit and operational risk disclosures of case study bank

Session 2: Basel III Framework

» Timetable and transitional arrangements
» Revised definition of capital
» Contingent convertible capital, bail-in capital
» Capital buffers and capital conservation
» Quantitative and qualitative regulatory requirements
» Capital requirements for trading, securities and derivatives
» Internal models, VaR, stress testing, scenario analysis, back-testing, enhancements
» Stressed VaR
» Incremental Risk Charge
» Counterparty credit risk charge
» Central counterparties (CCPs)
» Capital charge for systemically important banks

Exercise and Group Discussion: Risk Culture

Case Study: Impact of new rules on case study bank

Session 3: Leverage and Liquidity

» Objectives of leverage ratio
» Calculation of leverage
» Impact of leverage ratio on banks' business lines
» Why has liquidity regulation been so controversial?
» What does liquidity really mean?
» Liquidity Coverage Ratio: function and calculation
» Net Stable Funding Ratio: function and calculation

Group Exercise: Analysis of case study bank liquidity

Bank Regulation: Basel and Beyond

Session 4: Supervisory Review

» Capital allocation and aggregation, diversification effects, reconciliation
» How will the Pillar 2 supervisory review process impact board and senior management?
» ICAAP and SREP
» CEBS risk classifications
» Expectations of supervisors
» Corporate governance
» Stress testing
» Pillar 3 disclosure requirements
» How will CRD IV differ from Basel?
» Framework and impact of Dodd-Frank

Final Exercise: What will be the impact of new regulation be on the risk profile and business model of case study bank?

Final Group Discussion: How do we feel banks' business models will change, if at all, in response to the new regulatory environment?

Related Courses

» Fundamentals of Bank Credit Analysis
» Advanced Bank Risk Analysis
» Fundamentals of Regional Bank Credit Risk Analysis

Tailor Any Seminar for Your Organization

Moody's Analytics Professional Development also offers customized training and eLearning solutions to help you maximize your training investment. Our hands-on approach benefits companies of all sizes and requirements – from those with just a few local employees to those with staff dispersed around the globe. Contact us at TrainingEMEA@moodys.com to learn more and to work with one of our training consultants to design the right program for your organization.

Multiple Bookings

Special rates may be available for multiple seminar or group bookings. Please contact us at TrainingAmericas@moodys.com for details.

Fees & Cancellations

The fee listed is per participant and includes refreshments, lunches and seminar materials. Seminar fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the seminar. Registrations may be cancelled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another seminar, but fees will not be refunded. We reserve the right to cancel or reschedule seminars at any time. For further information on our refund and complaint policy, please contact us at 212.553.4387.

CONTACT US

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