



معهد الدراسات المصرفية
INSTITUTE OF BANKING STUDIES

**The London Institute
of Banking & Finance**



Risk Management Certificate (RMC)

14 May – 17 July 2023

**Training Departement
Institute of Banking Studies - Kuwait**



Program Overview

Risk management is an important process because it empowers a business with the necessary tools so that it can adequately identify and deal with potential risks. Once a risk has been identified, it is then easy to mitigate it. In addition, risk management provides a business with a basis upon which it can undertake sound decision-making.

This program is intended for those who have an understanding of the foundations of Risk Management at a beginner level. It will teach you how to measure, assess, and manage risk in your organization using various frameworks and strategies provided throughout the program.

Program Objectives

- 1 To understand the nature of risk, its sources and how it affects banks/organizations
- 2 To familiarize participants with concepts, techniques and principles of risk management
- 3 To develop risk thinking and apply knowledge to practical changes within the banks/organizations
- 4 To provide the management with risk related information vital for decision making
- 5 To learn about the different risks involved while managing transactions, the Environmental ,Social and Governance Factors and its importance
- 6 To develop the mindset and skillset to improve personal effectiveness skills at work
- 7 To comply with rules and regulations, local and international, applicable to risk management and assist all divisions bank-wide to manage risks within their area



Program Schedule – RMC-G13 2022/2023

Module	Dates	No. of Hrs	Exam Dates
➤ M1 Introduction to Risk Management	14 May - 16 May 2023	18	18-May-2023
➤ M3 Operational Risk Management	21 May - 23 May 2023	18	25-May-23
➤ M2 Market Risk & Asset - Liability Management	28 May - 1 June 2023	30	4-Jun-23
➤ M4 VULCANUS - Spirit for Innovation Workshop	5 Jun - 6 Jun 2023	12	No exam
➤ M5 Credit Risk Management	11 Jun - 15 Jun 2023	30	18-Jun-23
➤ M6 Technology and Information Risk Management	19 Jun - 20 Jun 2023	12	22-Jun-23
➤ M7 Supervision and Regulations of Risk Management	2 July - 4 July 2023	18	6-Jul-23
➤ M8 ESG & Risk Management	9 July - 10 July 2023	12	13-Jul-23
➤ M9 Personal Effectiveness	16 July - 17 July 2023	12	No exam

Total 162 hours

Program Accreditation

This program is recognized by the London Institute of Banking & Finance “LIBF” in UK.
For more information, please visit their website: www.libf.ac.uk



M1: Introduction to Risk Management

OBJECTIVE

The participants shall understand the nature of risks in banking, its sources and how it may affect the banks and Islamic Institutions activities.

CONTENTS

- **Introduction to Risk Management**
 - Definition of risk
 - Types of financial and non-financial risk
 - Development of risk management
 - Risk management framework

- **Risk in Banking**
 - Risk Management Dept.
 - Compliance & Governance Dept.
 - Internal Audit Dept.

- **Objectives and importance of Internal Controls**
- **Important Internal Controls**

- **Basel Directives**
 - Basel principles
 - Regulatory Capital Requirements

- **Overview of Financial Crisis, Lessons learned and impact on Kuwait**
- **Overview of Risk Management Structure and CBK Roles**
- **Overview of Risk Classification Approaches**

- **Specific Risk of Sharia' Compliant Banking Products:**
 - Murabaha, Musharaka, Ijarah, Sukue, etc.

- **Managing Risk in Financial Islamic Institutions:**
 - Basel
 - Islamic Financial Services Board

DURATION

3 days (18 hours)



M2: Market Risk & Asset - Liability Management

OBJECTIVES

- To familiarize participants with concepts, techniques and principles of Market risk management and all related risk such as Liquidity, Interest Rate, Investment and ALM.
- To develop risk thinking and apply knowledge to practical changes within the Banks/organizations.
- To learn about the different risks involved while managing transactions, and about the stress testing scenarios.
- To provide the management with risk related information vital for decision making.

CONTENTS

- **Value at Risk Approaches**
 - Historical Simulation Methods
 - Analytical VAR
 - Monte Carlo VAR
- **Liquidity Risk Management**
 - Causes of Liquidity risk
 - Market Liquidity Risk
 - Funding Liquidity Risk
 - Liquidity Coverage Ratio (LCR)
 - Net Stable Funding Ratio (NSFR)
 - Measuring Liquidity Risk: LAR, SAR, Skewness and Kurtosis
 - Basel III recommendations for liquidity risk management
 - Risk Mitigation Techniques
- **Foreign Currency Risk**
 - Relevant Economic Factors
 - Value At Risk
 - Mitigation Techniques
- **Interest Rate Risk Management**
 - Relevant Economic Factors
 - Measuring and Modeling



- Value At Risk for Fixed Income Instruments
- Mitigation Techniques
- **Investment Risk Management**
 - Investment classification
 - Relevant Risk factor per Class
 - Pricing Risks
 - Investment Performance and Economic Cycle
 - Measuring and Modeling Risk Adjusted Return
 - Assets Allocation and Capital Market Expectations
- **Stress testing**
 - Scenario analysis
 - Sensitivity analysis
 - Stress test Excel modeling
 - Analysis of stress testing results
- **Risk Appetite and Risk Tolerance for Bank Risk Budgeting**
 - Determining the main objectives of risk budgeting
 - Factors of risk appetite
 - Factors of risk tolerance
 - Rational decision taking
- **Financial derivative in Risk Management**
 - Futures and Forward contracts on FX, Equity and Commodities
 - Options Strategies
 - Swap Pricing
- **The Role of the Asset and Liability Committee (ALCO)**
- **Balance sheet Risk Management (ALM)**
 - Maturity mismatching and liquidity gaps
 - Assets and liability risk mismatching
 - Economic factors and balance sheet growth
- **Overview of Funds Transfer Pricing and the need for it**

DURATION

5 days (30 hours)



M3: Operational Risk Management

OBJECTIVES

- To familiarize participants with concepts, techniques and principles of Operational Risk Management
- To develop risk thinking and apply knowledge to practical changes within the banks/organizations
- To learn about the different risks involved while managing transactions
- To provide the management with risk related information vital for decision making

CONTENTS

- **What is Operational Risk?**
 - Factors influencing the Importance of Operational Risk
 - Identifying and Classifying Operational Risk Categories Fraud
 - Systems and Operations
 - Communication and Documentation
 - Fraud Threats
- **Analyzing Specific Risk:**
 - Technology
 - People
 - Process
 - External Risk, etc.
- **Compliance:** Know Your Customer (KYC), The Foreign Account Tax Compliance Act (FATCA), Customer Protection Rules, etc
- **Objectives of Operational Risk Management**
 - Developing a risk awareness culture
 - Developing operational risk management procedures
 - Operational risk management techniques
 - Self-assessment
 - Benchmarking
 - Allocating operational risk costs



- **Anti-Money Laundering and Combatting the Financing of Terrorism**

- **Measuring Operational Risk**
 - Key Risk Indicator (KRI)
 - Industry best practice metrics
 - Data analysis – statistical methodologies to sample transactions
 - Capital allocation requirements under Basel II
 - Basel IV new unified Standard Approach

- **Understanding the Operational Risk Environment**
- **Operational Risk Treatment**

DURATION

3 days (18 hours)



M4: VULCANUS -Spirit for Innovation Workshop

OBJECTIVE

This workshop aims to enhance performance and results through innovation and creative thinking.

CONTENTS

Interactive Business Game for Open Innovation

All participants will step into an environment in which open innovation and sound entrepreneurship are key ingredients in order to survive. Various incidents will confront participants and existing situations will be placed in the open innovation model perspective.

What they will learn?

- All the steps required from idea to successful launch
- How your own role can create success?
- How you can select the most promising project?
- How important it is to make sure customers are involved throughout?
- Why working together with other parties matter?
- How you should be interacting with other partners?

DURATION

2 days (12 hours)



M5: Credit Risk Management

OBJECTIVES

- To familiarize participants with concepts, techniques and principles of Credit Risk Management in specific areas.
- To develop risk thinking and apply knowledge to practical changes within the banks/organizations.
- To learn about the different risks involved while managing transactions
- To provide the management with risk related information vital for decision making

CONTENTS

- **Credit Risk Assessment**
- **Portfolio Management**
 - Simple models of corporate structure and default processes
 - Credit risk as default probability, recovery rates and exposure
 - Ratings agents approach to credit risk Portfolio Credit Risk
 - Probability of default, loss given default and correlation of default
 - Credit risk of portfolios compared with single positions
 - Loss distributions and relationship to expected loss, worst credit loss, economic and regulatory capital
 - Introduction to portfolio credit risk models
 - Optimising portfolios for best risk/return
- **Overview of Basic Statistics**
 - Elementary statistics
 - Managing Credit Risk: Securitisation and Risk Transformation
 - Concepts of regulatory capital for credit risk and return on assets
 - Techniques for moving risk off balance sheet
- Managing Credit Risk: Credit Derivatives and Risk Transfer
- Pricing and risk
- Regulatory capital impacts of credit derivatives - Basel
- Documentation and legal issues
- **Modeling Credit Exposure of Derivatives**
 - Loans and derivatives
 - Transaction based models
 - Foreign exchange transactions



- Interest rate swap transactions
- CEF calculations
- Effect of CMTM
- Market factor based models
- Counterparty exposure simulation models
- Handling credit exposure limits
- Integration of netting
- Integration of meeting

- **Evaluating the Credit Risk of Derivatives**
 - Expected and unexpected credit loss
 - Default only versus economic loss
 - Credit loss profile
 - Simulation approach to economic capital
 - Risk rating model
 - Rating migration matrix
 - Loss given default

- **IFRS**
 - Principles, concepts and knowledge in a commercial setting

DURATION

5 days (30 hours)



M6: Technology and Information Risk Management

OBJECTIVE

This module will help the participants to identify the potential technology and cybersecurity risks, assessing the impact of those risks, and planning how to respond if the risks become reality.

CONTENTS

- Understand the Role of the IT, Risk and Audit Departments and Supporting Offices from a Risk Management Perspective.
- Latest news about the hacks and financial losses due to Cybercrime
- Business Email Compromise (BEC)
- Computer virus, worms, Trojan horses and others malicious code, the similarities and differences between them and how PCs get infected
- Spyware
- Identify theft and Social engineering: the similarities and differences between them
- Passwords attacks: types of attacks with examples of real attacks
- Countermeasures and mitigation: international security standards
- Introduction to information security policies and procedures and their importance
- Combating the explored cyber-attacks and steps required to prevent them

DURATION

2 days (12 hours)



M7: Supervision and Regulations of Risk Management

OBJECTIVE

To comply with rules and regulations, local and international, applicable to risks management and assist all divisions bank-wide to manage risks within their area

CONTENTS

- **Supervision and Regulations of Risk**
 - Central Bank of Kuwait Rules and Regulations
 - The Role of the Risk Management Department
 - The Role of the Central Audit Department
 - Working with External Auditors
 - Working with the Central Bank of Kuwait
 - AML & CFT
 - Internal Controls
 - Compliance:
 - Know Your Customer (KYC), The Foreign Account Tax Compliance Act (FATCA), Customer Protection Rules, etc.
- **Enterprise Wide Risk Management (EWRM)**
- **Corporate Governance and Transparency**
- **International Best Practices**
- **RegTech**

- **Introduction to ICAAP**
 - Concentration risk Capital Charge
 - Investment capital charge
- **Introduction to Credit Risk Portfolio Modeling (for the purpose of understanding ICAAP, Stress test & ALM)**
 - Understanding Probability Of Default (PD)
 - Understanding Credit Risk Pricing

DURATION

3 days (18 hours)



M8: ESG & Risk Management

OBJECTIVE

This module will introduce participants to Environmental, Social and Governance (ESG) Factors and the many different pathways by which they impact financial value.

CONTENTS

- Understanding ESG and its importance
- Sustainability
- ESG Strategies
- Risk Assessment and Mitigation
- Environmental Risk
- Social Risk
- Governance Risk
- Integrating ESG principles into the bank work
- ESG Key Performance Indicators and quality
- Measurement, Management and Reporting

DURATION

2 days (12 hours)



M9: Personal Effectiveness

OBJECTIVE

This module focuses on putting an employee on the road to success: achieving goals and ensuring there is continuous growth. It highlights concepts of positive psychology and how it can be used in the work-life to attain the results that we want.

CONTENTS

- Manage emotional responses in different situations, and support the emotional responses of others
- Know how to communicate successfully with people of different cultures
- Learn how to save time as a result of being more efficient and effective
- Know how to maintain your focus on your goal and priorities
- Be able more effectively to manage interruptions and avoid distractions

DURATION

2 days (12 hours)



E-Learning Courses

A list of selected E-learning courses will be provided after ending all modules to be completed.

Administration

Target Audience

Eligibility for Admission

Education :	University degree holder
Working Experience :	New recruits or staff with maximum 3 years experience in Audit and Risk Management areas
English Language :	Fluency in both written and oral communication
Bank's Recommendation :	The bank should recommend the candidate for the program

English Placement Tests

On 4 May 2023 at IBS premises 12:30 PM – 13:30 PM.
English placement test fees: KD10

Duration

The program will be conducted at the Institute of Banking Studies as per the attached schedule, but we may conduct one or more modules virtually.

Exams

Seven Modules will be subject to Examination. Pass mark 70% for each exam.

Attendance

Attendance at every session is a pre-requisite of Certificate issue.

Punctuality

Timeliness is essential

- Attendance at every session of the training modules is required.
- 3 late arrivals, or 3 absences in the training sessions, will be recorded as absent for one day.
- 4 days absent during the entire Program and at the discretion of the IBS, the participant will not be eligible to receive a certificate and will be asked not to continue the program.



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Reports

Punctuality, participation, quality of input, initiative, teamwork, etc. will, where appropriate, be reported upon.

Language

All Modules will be conducted in English

General

Final decision making in all matters relating to this Program will remain with the Institute of Banking Studies.

Last date for Nomination

30 April 2023.

For further inquiries, please call:

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