LIBF

Part of Walbrook Institute London

LIBF Level 4 International Banking and Finance Certificate – Intermediate (IBCI)

Qualification specification

Contents

Purpose of the qualification

Why study the International Banking & Finance Certificate – Intermediate (IBCI)?

The Level 4 International Banking & Finance Certificate – Intermediate (IBCI) has been designed to further develop and enhance your knowledge and understanding of banking and finance, and provide the option to study specific role-related areas of banking and finance in more depth.

This course takes an international perspective, looking at typical banking and finance products, services and processes. Unit 1 provides comprehensive learning across the breadth of banking functions, while the choice of option Unit provides you with the opportunity to focus on a specialised area of banking and finance that best fits your career aspirations and strengths.

As you progress through the qualification, you will have the ability and opportunity to apply the knowledge gained in your role, allowing you to develop both personally and professionally.

This qualification has been developed for early career staff looking to progress their career in specialist areas of banking and finance. The specific area of study will depend on the Unit 2 option unit taken from:

i. Corporate Banking;

ii. Investment Banking and Markets;

iii. Risk and Credit;

iv. Compliance; and

v. Retail and Digital Banking.

Objective and key content areas

To provide early career banking staff in international financial centres with an intermediate level knowledge of the banking sector, banking products and services, and be able to perform in specialised areas of banking including Investment Banking; Corporate Banking; Risk and Credit, Compliance or Retail and Digital Banking.

Throughout the programme, you will understand:

- the banking environment;
- how banking is changing to meet customer needs;
- corporate credit risk analysis and the structure of credit proposals;
- identifying suitable products and services for corporate banking clients;
- the relationship between credit and risk;
- the nature of banking risk and risk mitigation approaches;
- the process of portfolio construction and asset allocation across customer segments in investment banking;
- the use of and processes for accessing fixed income, equity and syndicated loan markets; and
- the importance of the compliance function and means to address financial crime and fraud risks.

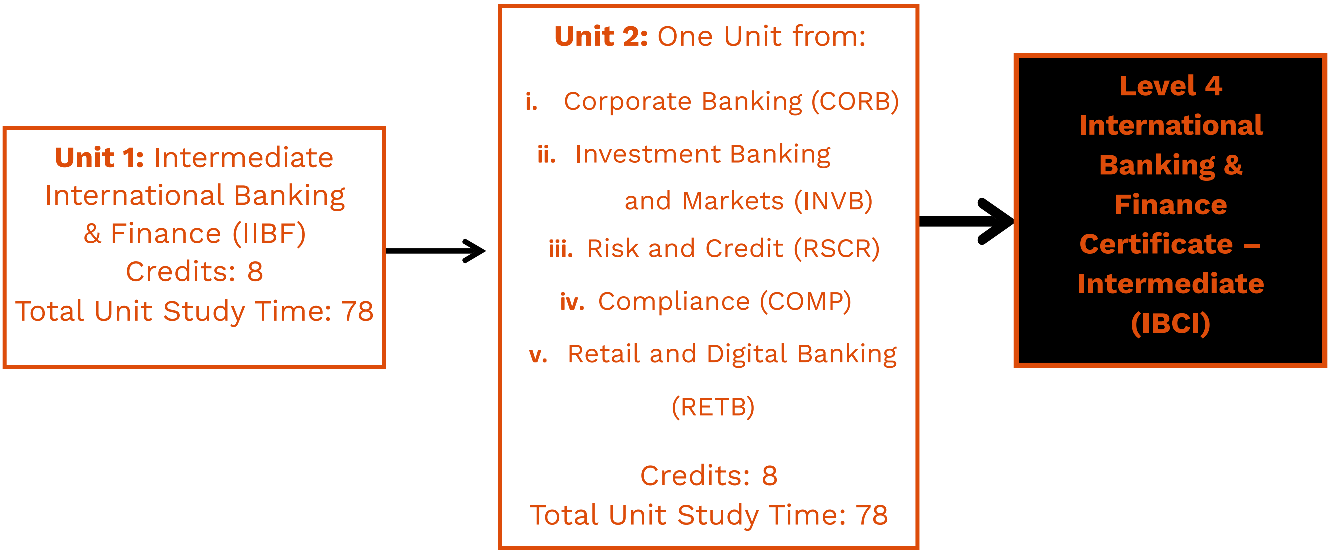
Key skills developed

The qualification will encourage you to:

- gain a sound understanding of the banking sector, and changing customer needs;
- develop specialist knowledge of key banking functions eg Investment Banking; Corporate Banking; Risk and Credit and Compliance depending on the option unit taken;
- demonstrate numeracy skills, including the ability to manipulate financial ratios and other numerical data;
- use appropriate data and information from a range of sources to make financial decisions; and,
- increase your ability to work and learn independently.

Structure

IBCI is made up of two units, the first one is mandatory. The second unit is chosen from a list of option Units. A pass in both units must be achieved to be awarded the qualification:



Qualification delivery

Total Qualification Time (TQT)

Total Qualification Time (TQT) is a prediction of the total time a student with no prior knowledge might need to complete the course.

TQT consists of two elements, Guided Learning (GL) and all other hours:

- Guided Learning (GL) comprises study time under direct teacher supervision, encompassing instructional sessions and supervised examinations.
- All other hours include hours spent unsupervised in research, learning, e-learning, e-assessment, completing coursework, exam preparation, and formal assessments.

IBCI is primarily considered as a self-directed study qualification with planned examination sessions.

Guided Learning Hours	2 hours
Other hours	154 hours
Total Qualification Time	156 hours

Assessment

All units are assessed through a two-hour mandatory multiple-choice examination. A total of 50 marks are available for each Unit comprising 35 marks in part 1 and 15 marks in part 2. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. The structure of the assessment ensures that all aspects of the course content are subject to external examination.

You will need to have attempted Unit 1 before progressing to Unit 2. Note that both units need to be passed to achieve the qualification.

For all units:

- Part 1: an electronic assessment with 35 multiple-choice questions. This component is worth 35 marks.
- Part 2: An electronic assessment with three mini-case studies, each with five linked multiple-choice questions. This component is worth 15 marks.

Preparing for the assessment

Examinations are sat electronically at any one of the Pearson VUE test venues worldwide or via Remote Invigilation in permitted locations where you can sit your assessment remotely. You must be registered to sit an examination at a test venue of your choosing (subject to demand/availability); this is managed by you. It is recommended that you book your exam three weeks in advance of the date you wish to sit. However, subject to availability, an examination can be booked as little as two working days in advance. Examinations can be booked via the Pearson VUE website or by phone. Please visit the Pearson VUE website for further information.

To prepare for the assessment you should make use of all learning resources as part of your revision for the exam.

Qualification grading

The overall qualification is graded Pass/Fail only. To achieve a pass, you must achieve a mark of 60% in each unit. Higher-level passes are identified as pass at Merit/Distinction level.

Grade	Mark
Pass	60%
Merit	70%
Distinction	80%

Resit attempts

The qualification has a twelve-month registration period. There are no restrictions on the number of times you can resit a unit in which you were unsuccessful, however, you must resit the unit in accordance with the published policies of LIBF.

Additional information

Entry requirements

There are no entry requirements for IBCI; however, you need to be satisfied of your ability to study and sit a formal assessment in English at this educational level. Students with no or limited experience of banking and finance should consider taking the Level 3 International Banking & Finance Certificate – Foundation (IBCF) qualification before registering for IBCI.

Recognition of prior learning

LIBF recognises prior learning in different forms. Potentially, this means that you may not be required to register for every unit. Details of how to apply for recognition of prior learning are available on our website.

Progression and preparation for further study

When you have successfully completed the Level 4 International Banking & Finance Certificate – Intermediate (IBCI), there are opportunities for further study with LIBF. Our Professional Qualifications cover a wide range of topics and areas including retail and corporate banking, trade finance, and other specialist qualifications

Preparation for employment / professional development

This qualification has been designed for new entrants and early career staff within retail, corporate and investment banking or those in a credit, risk or compliance role. It develops knowledge and understanding and enhances skills that are valued within a broad range of roles in banking.

Appendices

Appendix 1 – Unit 1 Details: Intermediate International Banking & Finance (IIBF)

IIBF is a mandatory Unit and must be taken as part of the IBCI qualification. This section describes the IIBF unit and provides details on syllabus content, learning outcomes and assessment criteria.

Unit 1 Assessment Methodology

The assessment of IIBF has one component:

i. An electronic assessment with multiple choice questions via a two-hour multiple-choice examination.

   a. Part 1 with 35 multiple-choice questions. This component is worth 35 marks.

   b. Part 2 with three mini case studies, each with five linked multiple-choice questions. This component is worth 15 marks.

ii. A total of 50 marks are available.

iii. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. Higher level passes are achieved at merit (70%) and distinction (80%) levels.

Unit 1 Learning outcomes, assessment criteria and indicative content

Learning outcome (LO) The learner when awarded credit for this unit will:	**Assessment criteria (AC)** Assessment of the LOs will require a learner to demonstrate that they can:	**Indicative content**
1. Interpret a balance sheet, income statement and cash flow statement	1.1 Identify the different components of a Balance Sheet to understand a customer's financial position	• Current assets and current liabilities (eg working capital) • Non-current assets and non-current liabilities • Components of Equity eg types of shareholder (eg voting/non-voting, ordinary/preferred) • Retained earnings
	1.2 Identify what the different lines in the Income Statement represent and assess a corporate customer's financial performance	• Above and Below the Line • Calculate EBIT and EBITDA
	1.3 Apply balance sheet knowledge and analyse a Cash Flow Statement to understand a corporate customer's cash flow	• Cash flow from operations (CFO) • Cash flow from investments (CFI) • Cash flow from financing activities (CFF) • WACC
2. Understand and analyse the changing nature of retail banking and wealth management	2.1 Understand retail customers' financial lifecycle and data-driven customer-centric strategies used in retail banking	• Customers' financial lifecycle • Data-driven customer-centric strategies • Benefits of data mining to banks • Forms of customer segmentation
	2.2 Examine distribution channels and infrastructure for retail customers and the supporting regulatory framework	• PSD2 and Open Banking • Channels and infrastructure • Mobile and Internet banking • Blockchain/Distributed Ledger Technology • Private cryptocurrencies • Central Bank Digital Currencies • Traditional channels • Maintaining customer loyalty in a competitive landscape (eg fintechs versus incumbents)

	2.3 Analyse the need for banks to service both sides of the retail customer's 'balance sheet'	• The revenue growth challenge:
		  ○ Customer assets (eg savings, investments)
		  ○ Customer liabilities (eg mortgages, personal loans)
		• Pricing retail products and services

	2.4 Demonstrate an understanding of the customer life cycle and the individual investment needs	• Investment needs • Wealth management customer life cycle • Key competencies of a wealth manager • Acquiring and retaining wealth management customers • Customer and product suitability and product mapping • Understanding customer biases
	2.5 Identify the rationale behind investment styles	• Investment style (eg active versus passive, growth versus value investing, small cap versus large cap companies) • Style rotation, sector rotation, strategic and tactical allocation
	2.6 Identify the theory of portfolio construction and portfolio performance measurement	• Portfolio construction and asset allocation • Performance measurement and performance attribution • Performance evaluation metrics
3. Understand the role of corporate banking	3.1 Analyse the lifecycle of a transaction (eg market trade, loan, capital markets issue)	• Define a transaction, the process of creation and pre-trade checks
	3.2 Identify the different types of corporate client that a corporate bank serves	• Understanding market segmentation • Defining the client relationship • Transactional, cross-selling • Advisory and 'first call'
	3.3 Understand how a bank uses different channels to provide products and services to different clients	• Bank lending products • Developments in banking prompted by Fintech and digital developments • Strategic banking relationships

	3.4 Understand the importance of generating increased fee income from corporate customers	• Transaction banking, trade finance, cash management and revenue sources • Market and risk management services • Working capital structures • Investment banking, alternative funding sources
4. Understand the role of investment banking	4.1 Understand the fundamentals of investment banking	• Investment banking products • Market segmentation • Key competencies of an investment banker
	4.2 Understand the role of an investment bank in capital raising via capital markets	• Define the issuance and underwriting process for commercial paper, fixed-income and equity markets
	4.3 Assess the main risks in an investment bank and how they are managed	• Assess the main risks in an investment bank and how they are managed
5. Understand the role of governance and compliance in banking	5.1 Understand the need for controls within financial institutions	• Regulatory requirements • Stability of the financial system
	5.2 Assess the three lines of defence model and roles and responsibilities	• The first line of defence - business management • The second line of defence – risk and compliance • The third line of defence - audit
	5.3 Examine the process of protecting a bank against financial crime and fraud	• Know your customer (KYC) controls • Anti-money laundering (ALM) controls • Combatting the financing of terrorism (CFT) • Bank regulation under Basel IV and enhanced risk management procedures
	5.4 Understand the new developments in compliance and governance	• Crypto-currency • Environmental, Social and Governance (ESG) • Non-fungible tokens
6. Identify risk and assess risk in banking	6.1 Understand the multi-faceted nature of risk in banking	Understand the multi-faceted nature of risk in banking
	6.2 Review instances of major financial crises since the 19th	Review instances of major financial crises since the 19th Century and what lessons can be drawn from these

	Century and what lessons can be drawn from these	
	6.3 Understand the main causes of bank failure	Understand the main causes of bank failure
	6.4 Define the main risk types in banking	• Credit risk • Market risk • Operational risk • Conduct risk • Cyber risk • Reputational risk • Regulatory risk
	6.5 Analyse what is meant by 'risk culture' for a bank	Analyse what is meant by 'risk culture' for a bank
	6.6 Identify signs of distress	• Retail and private banking • Corporate banking • Investment banking

Appendix 2 Unit 2 Details: Corporate Banking (CORB)

This section provides information about the Corporate Banking (CORB) unit, including syllabus content, learning outcomes and assessment criteria. CORB is an option unit within the IBCI qualification. You can take one option unit as part of the qualification.

Unit 2 Assessment Methodology

The assessment of CORB has one component:

i. An electronic assessment with multiple-choice questions via a two-hour multiple-choice examination.

   a. Part 1 with 35 multiple-choice questions. This component is worth 35 marks.
   b. Part 2 with three mini case studies, each with five linked multiple-choice questions. This component is worth 15 marks.

ii. A total of 50 marks are available.

iii. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. Higher level passes are achieved at merit (70%) and distinction (80%) levels.

Unit 2 Learning outcomes, assessment criteria and indicative content for Corporate Banking (CORB)

Learning outcome (LO) The learner when awarded credit for this unit will:	**Assessment criteria (AC)** Assessment of the LOs will require a learner to demonstrate that they can:	**Indicative content**
1. Understand the role of corporate banking in financial institutions	1.1 Understand the role of corporate banking within a financial institution	• Describe the banking products and services required by corporate customers ○ Financing (eg lending, debt/capital markets) ○ Transactional (eg cash management, liquidity management, trade services, foreign exchange) ○ Risk mitigation (eg derivatives) • Corporate market segmentation and how financial institutions deliver services to different sizes of corporate customers • Understand the difference between advisory and transactional products and services offered to corporate customers
	1.2 Assess the role of a relationship manager (RM) in relation to providing products and services to corporate customers	• What is an RM • Managing the day-to-day relationship with customers • Providing and managing credit facilities and credit risk • Spotting opportunities to cross-sell products and services • Working with product specialists
	1.3 Understand the role of product specialists	• What is a product specialist • Selling specific products and services • Spotting opportunities for the RM to cross-sell products and services
	1.4 Assess the role of credit risk management	• What is credit risk management ○ Setting bank lending policy framework ○ Maximise risk-adjusted returns

		• Minimise credit risk exposure
		  ○ Managing credit risk of an entire portfolio
		  ○ Approving individual credits or transactions within the lending policy framework
		  ○ Credit risk management and the three lines of defence model

2. Analyse the credit risk of a corporate customer and the structure of a credit proposal for a lending transaction	2.1 Demonstrate an understanding of the contents of a typical corporate credit proposal	• Explain the request • Qualitative and quantitative analysis • Credit quality, including deterioration or default • Credit risk mitigation • Internal and external credit models to support the assessment • Expected loss, pricing and return on equity

	2.2 Demonstrate an understanding of qualitative and quantitative analysis	• Define and explain key ratios for credit analysis
		  ○ Leverage ratios
		  ○ Gearing ratios
		  ○ Coverage ratios
		  ○ Liquidity analysis
		• Analyse a company's value and prospects
		  ○ Management and company quality
		  ○ Market position, size, market share
		  ○ Product positioning, brand, product range and nature

	2.3 Calculate and interpret the different measures of cash flow used in credit analysis and the ability of a corporate to repay its obligations on time	• 'Cleaning' the numbers for cash flow analysis • Different measures of cash flow and when to use them • Forecasting cash flow • Relevance and usage of earnings before interest, taxes, depreciation and amortisation (EBITDA), (cash flow from operating activities (CFO), funds from operations (FFO), retained

		cash flow (RCF), free cash flow (FCF) and cash flow available for debt service (CFADS) • Return on capital employed (RoCE), return on invested capital (RoIC), return on assets (RoA), return on equity (RoE) • Understand alternative sources of cash for debt repayment
	2.4 Estimate the debt capacity of a corporate customer that maintains acceptable credit standards	• Debt a firm can sustain while maintaining acceptable credit standards • Drivers of debt capacity • Key constraints • Use of gearing ratios
	2.5 Demonstrate an understanding of credit quality, including deterioration or default	• Identify possible signs of commercial and financial distress • Falling revenues and profits • Inventory build ups • Increased payables • Increased bad debts/receivables • Reduced headroom • Changes in financial policy (eg borrowing to finance dividends or interest) • Use of ratio analysis to understand credit quality (eg working capital ratios, non-current asset ratios) • Define default indicators required by regulations • International Financial Reporting Standard (IFRS) 9 and provisioning implications
	2.6 Identify credit risk mitigation tools in documentation	• Types of documentation (eg standard versus bespoke) • Term sheet versus agreement

		• Seniority, subordination, collateral, covenants and events of default

	2.7 Use a rating methodology to estimate the probable credit rating for a corporate customer	• Internal rating tools
		• External rating agencies (eg public and private)
		  ○ Rating methodologies and their rating scales
		  ○ Rating migration
		  ○ Rating agency preferred ratios

	2.8 Calculate expected loss and required loan pricing to achieve a target return on equity (RoE)	• Default probability • Exposure at default • Loss given default and recovery • Regulatory and International Financial Reporting Standard (IFRS) 9 Expected loss • Understand the relationship between risk and pricing • Weighted average cost of capital (WACC)
	2.9 Understand the nature between risk and pricing	• How do the different components of risk-weighted assets impact pricing • Impact of new initiatives such as Environmental, Social and Governance (ESG) • Impact of seniority, collateral and covenants

3. Understand how financing is arranged for corporate customers	3.1 Understand debt financing	• Direct bank loans
		• Syndicated bank loans
		  ○ Understanding the syndication process
		  ○ Define the standard documents as recommended by the Loan Market Association
		  ○ Pricing a new issue and risks of underwriting
		• Bonds

	3.2 Understand equity financing	• Initial Public Offering (IPO) • Preferred versus common equity

		• Venture capital firms (a form of equity finance but not offered by banks)
	3.3 Understand specialised lending	• Project finance (eg real estate financing) • Basic transaction structure • Basic components (eg Build-Own-Operate-Transfer, Build-Operate- Transfer, Build-Lease-Transfer and Build-Own-Operate) • Due diligence and key considerations in reviewing applications • Methods of real estate development valuation • Public Private Partnerships and Private Finance Initiatives • Asset-based financing (eg secured financing) • Hire purchase, contract hire and leasing structures • Defining asset security, lease termination and end of lease • Financing an asset rather than a corporate • Documentation for specialised financing
4. Understand the terminology, use of and the process for accessing both the fixed income and equity markets	4.1 Identify and interpret the key terms used in fixed-income markets and types of bond investors	• Bond language, jargon, coupon types • Credit, spread and interest rate risks • The main types of bond investor
	4.2 Define the issuance process for fixed income and the international best practice connected to fixed income issuance	• Why should a corporate issue bonds • Bond issuance documentation and due diligence • Primary markets execution process
	4.3 Understand key equity market terminology	• Equity markets and investors
	4.4 Define the issuance process and international best practice for new equity issues	• Why do companies go public

		• IPO preparation, documentation and due diligence • Selling new shares or existing shares • Follow-on offerings (eg diluted and non-diluted) • Private placements • Rights issues • Differences between debt and equity issuance
5. Understand and interpret the various methods of settlement and financing within international trade.	5.1 Identify and interpret the different methods of settlement available within international trade	• Main settlement methods • Concept of the risk ladder • Governing rules • Impact of digitalisation
	5.2 Identify and interpret the different methods available for financing and servicing international trade	• Pre- and post-shipment financing • Short, medium and long-term finance • Introduction to Supply Chain Finance (SCF) • Differences between Trade Finance and SCF • Understanding supply chains
6. Understand the terminology and use of cash management, liquidity management and foreign exchange	6.1 Understand the principles of cash management	• Cash inflows and outflows from operating, investing and financing activities • Tools of the trade • Trapped cash
	6.2 Understand the principles of liquidity management	• Credit interest, overdraft interest, time deposits • Interest optimisation • Cash concentration • Notional pooling and multi-currency notional pooling • Understand the need for timely information reporting
	6.3 Understand the principles of foreign exchange	• Trading one currency for another • Foreign exchange-related products and services • Tools of the trade

		• Floating versus fixed exchange rates • Managing exposure
7. Understand the risks associated with corporate banking and how it is measured and managed	7.1 Identify the major risks associated with a corporate customer	• Credit risk • Market risk • Operational risk • Reputational risk (including risks associated with Environmental, Social and Governance - ESG) • Other risks
	7.2 Identify products that can mitigate risk	• Types of derivative products • Interest rate option derivatives (eg caps, floors and collars) • Foreign exchange derivatives (eg forwards, short-term swaps and foreign exchange non-deliverable forward) • To hedge or not to hedge • Advising on interest rates, foreign exchange and commodity risks

Appendix 3 Unit 2 Details: Investment Banking and Markets (INVB)

This section provides information about the Investment Banking and Markets (INVB) unit, including syllabus content, learning outcomes and assessment criteria. INVB is an option unit within the IBCI qualification. You can take one option unit as part of the qualification.

Unit 2 Assessment Methodology

The assessment of INVB has one component:

i. An electronic assessment with multiple choice questions via a two-hour multiple-choice examination.
   a. Part 1 with 35 multiple-choice questions. This component is worth 35 marks.
   b. Part 2 with three mini case studies, each with five linked multiple-choice questions. This component is worth 15 marks.

ii. A total of 50 marks are available.

iii. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. Higher level passes are achieved at merit (70%) and distinction (80%) levels.

Unit 2 Learning outcomes, assessment criteria and indicative content for Investment Banking and Markets (INVB)

Learning outcome (LO) The learner when awarded credit for this unit will:	**Assessment criteria (AC)** Assessment of the LOs will require a learner to demonstrate that they can:	**Indicative content**
1. Understand the role of investment banking and the main differences to a corporate bank	1.1 Define investment banking products and services offered	• Underwriting of securities issuance • Provision of advice on mergers and acquisitions, capital raising and other strategic issues • Sales, research and trading in debt and equity securities
	1.2 Understand the difference between the risks of underwriting securities versus holding long-term credit assets	• Time scale • Market risk • Risk and return
	1.3 Understand the relative strategic importance and day-to-day importance to a corporate client of investment banking compared to corporate banking products and services	• The key role of corporate bankers in day-to-day services • The key role of investment bankers in providing capital raising services and advice at the most senior level • Understand different types of revenue streams
2. Understand the main methods used to estimate the value of a business and calculate a valuation using discounted cash flow (DCF) or trading comparables analysis	2.1 Understand and be able to calculate the elements of the enterprise value to equity value bridge	• Components of enterprise value and the equity value bridge • Value of growth • Different valuation methods
	2.2 Calculate relevant trading multiples for corporate valuation	• Peer group selection • Enterprise and equity multiples • Cleaning the numbers and value drivers

		• What causes differences in multiples and industry-specific multiples
	2.3 Calculate a basic discounted cash flow valuation model	• Step 1 – Estimation of free cash flow • Step 2 – Weighted average cost of capital • Step 3 – Terminal value • Step 4 – Discounting • Step 5 – Enterprise value of operations to equity value
3. Understand and apply accounting for transactions, transaction processes and transaction analysis	3.1 Analyse pro-forma financial statements for an acquisition of assets or shares and mergers	• Consolidated accounts • Profit and Loss • Cashflow statement
	3.2 Understand typical transaction processes for both public company takeovers and auctions of private companies or divisions of larger companies	• Transaction fundamentals • Synergies • Transaction process (eg public company takeovers, private transactions and auctions)
	3.3 Analyse the impact of an acquisition on earnings per share (EPS) accretion/dilution, credit ratios and contribution, and define return on invested capital (RoIC)	Analyse the impact of an acquisition on earnings per share (EPS) accretion/dilution, credit ratios and contribution, and define return on invested capital (RoIC)
	3.4 Recognise the most commonly used process for disposals of assets or shares	• Spin-off • Split-up • Split-off • Carve-out
4. Apply the terminology, use of and the process for accessing the fixed income markets including the calculation of key items	4.1 Define key terms used in the fixed-income markets and how the repo market is used to finance a position	• Bond language, coupon types, credit, spread and interest rate risks • Funding bond positions through repos

	4.2 Calculate modified duration and convexity	• Price and yield calculations • Yield curves and credit spreads
	4.3 Calculate hedging positions for a bond position	• Bond price sensitivity and understanding bond profit and loss • Hedging bond positions
	4.4 Understand bond pricing, the issuance process for fixed income, bond trading and associated international best practice	• Roles of the Debt Capital Markets (DCM) group • Challenges for a first-time bond issuer • Bond issuance documentation and due diligence • Primary market execution process
5. Apply the terminology, use of and the process for accessing the equity markets	5.1 Understand equity terminology	• Equity markets and investors • Initial Public Offering (IPO) • Primary and Secondary Market • Private placement • Retail, corporate and institutional investors
	5.2 Assess the issuance process and international best practice for new equity issues	• Why do companies go public • IPO preparation, documentation and due diligence • Selling new shares or existing shares • Differences between debt and equity issuance • Follow-on offerings (eg diluted and non-diluted) • Rights issues
	5.3 Understand equity trading in the secondary market	• Quote driven markets • Order driven markets • Exchange-based trading • Dark pools and other trading venues

6. Apply the terminology, use of and the process for accessing syndicated loan markets	6.1 Identify the steps in the syndicated loan process	• The syndication process • The standard documents as recommended by the Loan Market Association • The risks of underwriting
	6.2 Identify the parties in a syndicated loan	• The role of the lead manager, bookrunner, agent and documentation agent
	6.3 Understand international best practice in relation to syndicated loan issues	• Review of the syndication process based on international standards and best practice
7. Understand the range of derivative products available for managing financial risks and explain how they can be applied to solve customer problems	7.1 Calculate short-term interest rate (STIR) settlement amounts and understand the use of interest rate option derivatives (eg caps, floors and collars)	• The use and risks of short-term interest rate (STIR) contracts • Forwards, forward rate agreements and interest rate futures • Terminology and cash flow of caps, floors and collars • Option risk management
	7.2 Calculate foreign exchange non-deliverable forward and swap settlement amounts	• Foreign exchange non-deliverable forwards • Swap settlement amounts
	7.3 Identify the nature of swap spreads and risks of interest rate swaps	• Swap, credit and asset swap spreads • Swap counterparty, credit and market risk
	7.4 Calculate the cash flows and pricing terms of a current cross-currency swap (CCS)	• Terminology, mechanics and applications • Cash flow of cross-currency basis swaps
	7.5 Understand the documentation associated with derivatives	• International Swaps and Derivatives Association “ISDA” Master Agreement, The Credit Support Annex (CSA)

8. Understand the nature of market risk and how it is measured and managed	8.1 Understand the nature of market risk and how it is measured and be able to calculate simple value at risk (VaR) estimates	• What is market risk • Understanding value at risk (VaR), modified duration and convexity • Expected positive exposure (EPE) and potential future exposure (PFE)

Appendix 4 Unit 2 Details: Risk and Credit (RSCR)

This section provides information about the Risk and Credit (RSCR) unit, including syllabus content, learning outcomes and assessment criteria. RSCR is an option unit within the IBCI qualification. You can take one option unit as part of the qualification.

Unit 2 Assessment Methodology

The assessment of RSCR has one component:

i. An electronic assessment with multiple-choice questions via a two-hour multiple-choice examination.

    a. Part 1 with 35 multiple-choice questions. This component is worth 35 marks.

    b. Part 2 with three mini case studies, each with five linked multiple-choice questions. This component is worth 15 marks.

ii. A total of 50 marks are available.

iii. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. Higher level passes are achieved at merit (70%) and distinction (80%) levels.

Unit 2 Learning outcomes, assessment criteria and indicative content for Risk and Credit (RSCR)

Learning outcome (LO) The learner when awarded credit for this unit will:	**Assessment criteria (AC)** Assessment of the LOs will require a learner to demonstrate that they can:	**Indicative content**
1. Understand the key concepts relating to a typical bank's risk	1.1 Understand what is meant by 'risk' in banking	• Risk versus uncertainty • Different types of risk • When is risk good • Risk appetite • Risk capacity • Risk culture • Risk versus profit
	1.2 Define major risks	• Credit • Market • Operational • Reputational (including risks associated with Environmental, Social and Governance - ESG) • Systemic • Other risks
	1.3 Understand why regulators set capital requirements	• Bank regulation • Basel accords • Leverage and capital ratios • Expected versus unexpected loss • Risk-weighted assets and capital requirements • Liquidity coverage ratio (LCR) and net stable funding ratio (NSFR)
	1.4 Identify who is responsible for risk management	• Typical bank risk governance structure • Three lines of defence model • Describe risk culture

	1.5 Understand how banks mitigate risk	• Products (eg derivatives) • Collateral • Insurance
2. Understand and assess credit risk	2.1 Identify how credit risk affects a financial organisation	• Credit exposure in the lending business • Credit risk on securities positions • Credit risk on counterparties • Credit risk in derivative exposures • Ratio analysis
	2.2 Identify how credit risk can be managed	• Diversification • Using securities to diversify a credit portfolio • Syndication • Securitisation • Credit derivatives
	2.3 Understand how credit risk differs between retail and corporate clients	• Retail credit risk • Risk in retail banking • Economic cycle and retail lending • Corporate credit risk • Identification and quantification of corporate financial risks • Size, concentration, commercial, financial and event
	2.4 Understand retail and behavioural credit scoring	• Credit scoring • Behavioural scoring
	2.5 Understand how to assess corporate credit risk using both qualitative and quantitative analysis	• Key issues in qualitative analysis • Management and company quality • Define and explain key ratios for credit analysis • Use of ratio analysis to understand credit quality (eg working capital ratios, non-current asset ratios)

	2.6 Understand how to assess a corporate credit proposal	• Understand the request • Credit quality, including deterioration or default • Measuring cash flow, including different measures of cash flow and when to use them • Cleaning the numbers for cash flow analysis • Forecasting cash flow • Debt a firm can sustain while maintaining acceptable credit standards • Drivers of debt capacity and key constraints
	2.7 Understand corporate credit ratings	• Rating agencies, rating methodologies and their rating scales • Rating migration • Rating Agency preferred ratios
3. Assess non-performing loans and defaults	3.1 Understand and be able to calculate how provisioning for bad debts based on expected loss is implemented under International Financial Reporting Standard (IFRS) 9	• Expected loss (EL) as the foundation of credit analysis • Assessing if the return is appropriate for the risk • Target return on capital • Income Statement presentation • Application of expected loss (EL) on a portfolio basis • Implications for a bank
	3.2 Assess how and when a default occurs and what options are available to a bank in the event of a corporate default	• Identify possible signs of distress • Falling revenues and profits • Inventory build ups • Increased payables • Increased bad debts/receivables • Reduced headroom • Changes in financial policy (eg borrowing to finance dividends or interest) • Define default indicators required by regulations

	3.3 Identify how collateral and other risk mitigation protects the bank in the event of default	• Documentation risk, term sheet contents • Seniority and subordination and Absolute Priority Rule (‘APR’) • Collateral, security, covenants and events of default
	3.4 Identify options for restructuring of a defaulted or non-performing loan	• Covenant waiver • Debt rescheduling/restructuring • Refinancing • New debt/equity injection • Debt for equity swap • Sale of assets
4. Assess the nature of credit risk and how it is measured, calculated and managed	4.1 Assess the role of credit risk management	• What is credit risk management • Setting bank lending policy framework • Maximise risk-adjusted returns • Minimise credit risk exposure • Managing the credit risk of an entire portfolio • Approving individual credits or transactions within the lending policy framework • Credit risk management and the three lines of defence model
5. Analyse and assess risk in market products	5.1 Identify the nature, uses and risks of short-term interest rate (STIR) contracts	• Forwards and short-term swaps • Terminology and cash flow caps, floors and collars • Understand the terminology and mechanics of option risk management • Calculate settlement amounts associated with short-term interest rate (STIR) contract
	5.2 Identify the nature, uses and risks of foreign exchange transactions	• Foreign exchange non-deliverable forwards • Swaps settlement amounts

		• Calculate foreign exchange non-deliverable forward (NDF) and swap settlement amounts
	5.3 Calculate the cash flows and pricing terms of a cross-currency swap (CCS)	• Terminology, mechanics and applications • Cash flow of cross-currency basis swaps
	5.4 Interpret information relating to market risk and calculate simple value at risk (VaR) estimates	• What is market risk • Understand statistical techniques such as standard deviation, normal distribution, correlation • Understanding value at risk (VaR) and VaR computation
	5.5 Calculate various measures of duration and when and how to use each measure appropriately	• Modified duration, dollar duration (DV01), price value (PV01) and convexity
	5.6 Understand the purpose of credit valuation adjustment (CVA), expected positive exposure (EPE), potential future exposure (PFE) and analyse the nature of market-to-credit risk	• Expected mark-to-market (MTM), expected positive exposure (EPE), potential future exposure (PFE) and market to credit risk • International Swaps and Derivatives Association "ISDA" Master Agreement and Credit Value Adjustment (CVA)
	5.7 Compare credit risk and counterparty credit risk (CCR)	• Compare credit risk and counterparty credit risk (CCR)
6. Understand and assess operational risk within a bank	6.1 Understand how to assess operational risk	• Operational risk management structure and lines of defence • Categories of operational risk • Operational risk by function including retail, corporate and investment banking • Operational risk mapping • Operational risk and the three lines of defence model

7. Understand the nature of reputational, strategic and liquidity risk	7.1 Define the profitability impact of damage to a bank's reputation	• Impact of negative publicity regarding a bank's practices • Fraud, bribery and corruption • Mis-selling, market abuse and insider trading • Oppressive treatment of smaller companies • Illegal activity around corporate transactions • Appropriateness
	7.2 Understand the nature of sanctions	• What are sanctions • Who creates and imposes sanctions • Global sanctions regulation • How sanctions affect the business • What penalties are applied to individuals and organisations for breaching sanctions • What are circumvention typologies • What is due diligence and sanctions screening
	7.3 Demonstrate the ability to assess the impact of poor strategic planning on a bank	• Strategic choices faced by banks • Changes in the environment for banks (eg regulation, fintech, sector concentration) • Risks associated with poorly executed strategic planning and management choices
	7.4 Demonstrate an understanding of the liquidity structure of a bank and why portfolio diversification is paramount	• Asset and liability management (ALM) • Structure of bank deposits • Short-term and long-term funding alternatives
	7.5 Explain the nature and implications of liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) and the importance of fixed income markets to the balance sheet	• Fixed income markets on both sides of the balance sheet • Basel III and liquidity requirements, liquidity coverage ratio (LCR), net stable funding ratio (NSFR) and high-quality liquid assets (HQLA)
	7.6 Understand the importance of emerging risk types such as climate	• Types of emerging risks • Quantifying emerging risks

	change and Environmental, Social and Governance - ESG	• Managing emerging risks
8. Understand the Basel regime and its effects on how banks measure and manage risk	8.1 Identify the impact of changing regulations and the rationale for the key requirements of Basel III and the revised Basel IV	• Bank regulation under Basel III and enhanced risk management procedures
	8.2 Calculate risk-weighted assets and capital requirements under the Standardised and Internal Ratings Based approaches	• Standardised approach • Internal ratings-based approach • Differences between the approaches
	8.3 Understand and be able to calculate the maximum leverage ratio	• Defining leverage (eg on and off balance sheet exposures) • Calculating the ratio

Appendix 5 Unit 2 Details: Compliance (COMP)

This section provides information about the Compliance (COMP) unit, including syllabus content, learning outcomes and assessment criteria. COMP is an option unit within the IBCI qualification. You can take one option unit as part of the qualification.

Unit 2 Assessment Methodology

The assessment of COMP has one component:

i. An electronic assessment with multiple- choice questions via a two-hour multiple-choice examination.

   a. Part 1 with 35 multiple-choice questions. This component is worth 35 marks.

   b. Part 2 with three mini case studies, each with five linked multiple-choice questions. This component is worth 15 marks.

ii. A total of 50 marks are available.

iii. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. Higher level passes are achieved at merit (70%) and distinction (80%) levels.

Unit 2 Learning outcomes, assessment criteria and indicative content for Compliance (COMP)

Learning outcome (LO) The learner when awarded credit for this unit will:	**Assessment criteria (AC)** Assessment of the LOs will require a learner to demonstrate that they can:	**Indicative content**
1. Define the role of compliance	1.1 Define the role and structure of the compliance function	• Regulatory reporting • Establishing compliance standards • Measuring the success of compliance policies
	1.2 Explain the responsibility and accountability of management	• Building the corporate culture and bank values • Defining and implementing strategy • Reporting and escalation
2. Analyse international regulations	2.1 Understand the purpose of regulations	• Stability of the financial system • Transparency in international markets
	2.2 Compare the different approaches to regulatory oversight	• Rules-based regulation • Principles-based regulation
	2.3 Assess the impact of different regulations	• Global: Financial Action Task Force (FATF), Basel Committee on Banking Supervision (BCBS) • Regional: European Union regulations General Data Protection Regulation (GDPR) and Markets in Financial Instruments Directive (MiFID)
	2.4 Analyse the role of international regulatory organisations	• Bank for International Settlements (BIS, Financial Stability Board (FSB), and the International Organisation of Securities Commission (IOSCO) • Focus areas of different international organisations

3. Analyse international best practice in compliance	3.1 Understand the Basel principles related to compliance and be able to explain how they apply	• Know the 10 principles • Application of the principles in practice
	3.2 Define the content and purpose of a compliance manual	• Items to cover • Implementation • Review • Training
	3.3 Explain the control framework	• Implementation • Ultimate responsibility • Control framework surrounding outsourcing, compliance, audit, risk
4. Understand and apply local rules and regulations	4.1 Identify the differences between global and local regulations.	• Compliance framework embedded in local regulations
	4.2 Detail the compliance process that exists within a bank	• Risk assessment and reporting • Policies and procedures, and systems and controls • Training
5. Assess the risks associated with financial crime	5.1 Explain the differences between money laundering and terrorist financing	• Differences and similarities between money laundering and terrorist financing • Detecting terrorist financing • New technologies • Structures designed to hide beneficial ownership
	5.2 Explain the stages in the money laundering process	• What is it and the three stages • Economic and social consequences • Methods of money laundering
	5.3 Analyse the roles of the Financial Action Task Force (FATF) and other organisations in combating money laundering and terrorist financing	• Identify the different bodies involved in combating money laundering and terrorist financing • Explain the different penalties

	5.4 Understand the nature of sanctions	• What are sanctions • Who creates and imposes sanctions • Global sanctions regulation • How sanctions affect the business • What penalties are applied to individuals and organisations for breaching sanctions • What are circumvention typologies • What is due diligence and sanctions screening
	5.5 Analyse and compare different types of financial crime including fraud and corruption	• Fraud • Corruption • Theft • Scams
	5.6 Assess the impact of financial crime on the reputation of the firm	• Financial loss • Reputational issues • Penalties and fines
6. Understand the role of compliance organisations and regulation	6.1 Explain the key elements of due diligence	• Main elements, employee and customer due diligence • When to apply enhanced due diligence • Politically Exposed Persons • Behaviour, documentation, transactions and activity
	6.2 Define the investigation process within a bank	• Law enforcement and cooperation with other countries • Responding to requests • Investigations (eg suspicious activity reports and documentation)
	6.3 Analyse the issues with Politically Exposed Persons	• What is a politically exposed person • Understand the risks when transacting with a politically exposed person
	6.4 Apply the three lines of defence	• Identify the three lines of defence within a bank • Explain how the three lines of defence work together

7. Explain the role of ethical behaviour and corporate governance	7.1 Define ethical behaviour	• What are ethics • Regulatory standards, professional Codes of Conduct
	7.2 Explain the need for corporate governance	• What are ethics • OECD definition and objectives • Principles for enhanced corporate governance
	7.3 Explain why banks should act with the highest level of conduct	• Data protection • Fair and orderly markets and implications of market abuse • Price-sensitive information, insider dealing • Conflict of interest and whistleblowing • Code of conduct
	7.4 Explain why banks should promote fairness in all business dealings	• Honesty and fair treatment • Acting in the best interest of the client and financial advice • Product design, marketing and financial promotions • Client advice, objectives, risk profiles and suitability
8. Analyse the challenges with market abuse	8.1 Explain the different types of market abuse	• Insider dealing • Market manipulation
	8.2 Explain the market abuse regulations in international best practice	• Regulations • Prevention, detection and enforcement • Penalties and fines

Appendix 6 Unit 2 Details: Retail and Digital Banking (RETB)

This section provides information about the Retail and Digital Banking (RETB) unit, including syllabus content, learning outcomes and assessment criteria. RETB is an option unit within the IBCI qualification. You can take one option unit as part of the qualification.

Unit 2 Assessment Methodology

The assessment of RETB has one component:

iv. An electronic assessment with multiple- choice questions via a two-hour multiple-choice examination.

   a. Part 1 with 35 multiple-choice questions. This component is worth 35 marks.

   b. Part 2 with three mini case studies, each with five linked multiple-choice questions. This component is worth 15 marks.

v. A total of 50 marks are available.

vi. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. Higher level passes are achieved at merit (70%) and distinction (80%) levels.

Unit 2 Learning outcomes, assessment criteria and indicative content for Retail and Digital Banking (RETB)

Learning outcome (LO) The learner when awarded credit for this unit will:	**Assessment criteria (AC)** Assessment of the LOs will require a learner to demonstrate that they can:	**Indicative content**
1. Understand the main retail banking products and the fundamentals of cross-selling	1.1 Understand the different types of financial institutions that offer retail banking products	• Understand the different types of financial institutions that offer retail banking products
	1.2 Identify different types of retail banking customer	• Identify different types of retail banking customer
	1.3 Understand the importance of payments and money transfer services	• Why these services are so important • What is changing as a result of digital innovation and technology
	1.4 Summarise the role and importance of retail banks in wider society and the economy	• The role and scope of retail and SME banks • The types of retail banking organisations • The relationships between retail banking and the wider industry • How retail banking products and services support society and the wider economy • Environmental, social and governance issues • Challenges and responses relating to financial inclusion
2. Interpret customer expectations and user experience in the new banking landscape	2.1 Identify customer segments and how service delivery expectations vary for different generations of customers	• Identify customer segments and how service delivery expectations vary for different generations of customers

	2.2 Evaluate the basis of competition, product, price, customer service standards, convenience, reputation and customer experience	• Evaluate the basis of competition, product, price, customer service standards, convenience, reputation and customer experience
	2.3 Interpret the new banking landscape	• How banking is evolving as a result of Fintech to meet the digital needs and expectations of customers and improve the customer experience • How ‘challenger bank’ new entrants are seeking to disrupt the market • The impact and influence of technology giants such as Google, Facebook and Amazon • Open Banking and what it means for the bank and customers • Human-centred design
	2.4 Identify customer expectations in a digital age and how the adoption of technology is changing the behaviours, attitudes and experiences of consumers	• ‘Always on’ connectivity and its impact on service expectations • Trust and loyalty in a digital environment • Data, privacy and personalisation • Changing attitudes towards automation and the need for human interactions
	2.5 Evaluate customer acquisition, retention and sales techniques	• Evaluate customer acquisition, retention and sales techniques
	2.6 Analyse customer delivery channels and how these are changing: branch, call centre, online, mobile, the emergence of challenger banks	• Analyse customer delivery channels and how these are changing: branch, call centre, online, mobile, the emergence of challenger banks

	2.7 Distinguish what changing expectations mean for banks and the way they serve their customers	• The concept of digital disruption • The impact of digital disruption on the financial services market • The main and emerging digital technologies
	2.8 Analyse customer motivations and influences	• The differences between the key social media channels and how people interact with them • The different uses of social media channels by financial services organisations • The risks of social media for business and individuals
3. Evaluate the importance of customer service in a digital age and the best practices that need to be adopted	3.1 Apply best practices for supporting customers in a digital environment	• Understanding the different types of vulnerable customers • Understanding moral and regulatory obligations in supporting vulnerable customers and treating them fairly • Exploring how digital channels can help or hinder customers with different types of vulnerability • Understanding how to identify potentially vulnerable customers and how to apply protocols such as IDEA, TEXAS and CARER in a digital environment • Listening and responding through digital channels • Handling customer complaints, including online • Identifying and handling digital trolls • Encouraging customers to transfer to the most appropriate channels as necessary, based on their specific service needs
	3.2 Apply best practices for providing a high standard of customer service	• Apply best practices for providing a high standard of customer service
	3.3 Examine sources of information and guidance for retail customers	• Examine sources of information and guidance for retail customers

	3.4 Identify different service models, needs and the rise of self-service	• The different direct digital channels that banks use to communicate with customers (Voice, Mobile, Video, Web, Email, Chat) • The benefits of these channels for banks and their customers • Which channels lend themselves most effectively to different situations and transactions • The limitations and risks of these channels and the impact of GDPR and other regulation on how they can be used • The onboarding process and how new players are speeding it up
	3.5 Demonstrate how to communicate effectively with customers online	• Overcome the challenges presented by digital conversations to deliver appropriate outcomes • Identify customer needs online • Explain complex products and processes and check understanding • Follow up and manage expectations
	3.6 Understand the impact of cybercrime: scams and fraud and how to help customers stay safe online and the importance of this being regulated	• Consumer protection • Data security
4. Identify the importance of digital transformation and data to improve the customer experience	4.1 Define digital intermediation, disintermediation and the impact of comparison sites	• Define digital intermediation, disintermediation and the impact of comparison sites
	4.2 Understand the implications for, and importance to, banks of capturing and using data	• How data is captured and what banks do with it • The role of data analytics • How banks use data to provide targeted promotions, tailored services and recommendations

		• The role of data in identifying and supporting customers who are vulnerable or experiencing financial difficulties • AI and machine learning • Cloud, open banking and APIs • Distributed ledger technology and blockchain
5. Interpret the main components of financial services regulation and how these are monitored	5.1 Understand ethics and conduct in banking	• Ethical banking • Conduct regimes • Social responsibility • UN principles on responsible banking