

LIBF

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**Building risk mindset with an introduction
to risk in banking
(RISM)**

Training programme specification



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Purpose of the programme

Introduction

Over the past decade, risk management in the financial services sector has undergone deep transformation. A new regulatory landscape emerged from the global financial crisis which demanded the need to comply with an increasingly complex set of regulations and controls, whilst also being aware of a growing number of new enterprise wide risks, such as cyber, conduct, third-party, anti-money laundering and data quality.

Financial institutions are keenly aware that all front-line Bank staff must be an effective first line of defence. They need to balance risk and regulatory compliance with the need for ever greater operating efficiency and cost management. This can present difficulties when many of the controls are effectively stand-alone and are often poorly understood by the teams charged with implementing them. As a result, front office staff often find themselves spending significant time addressing regulatory issues in a disconnected and manual manner, with little understanding of their importance.

Therefore, there is a greater need for an increased understanding of risk across an organization. It is no longer sufficient to rely simply on the second line of defence to cover shortcomings in the front office. Banking professionals need to have a basic understanding of the risks the bank faces, and the controls and mitigants put in place to manage them. Only through effective up-skilling can a truly effective risk culture be created, where teams recognise and take personal responsibility for an ever-expanding range of business risks.

This learning programme is designed to deliver a broad understanding of the core concepts and mechanics of key risk areas, and drive awareness of how these risks relate to one another and can impact job roles. The focus is on building a foundation for a strong risk culture, one which will embed risk decision making into the DNA of a bank, bringing about lasting behavioral and attitudinal change.

Target audience

This programme is designed for all bank employees with 0-3 years of experience.

Objective and key content areas

Building Risk Mindset with an Introduction to Risk in Banking develops participant's understanding of Credit, Market and Operational Risk, Strategic Risk, Cyber Risk and Data Governance. It focuses on exploring the core risk practices, promoting the importance of sound risk management and highlighting how risk impacts the daily activities of the bank and why a Risk Mindset is essential.

Listed below are some of the key content areas that are covered within this programme:

- Risk analyses and assessment processes
- Principles of effective risk management
- Risk management strategies, frameworks, policies, procedures and practices
- Types of records of risk management process and outcomes
- Components of risk management plans
- Methods for monitoring enterprise risk indicators and risk management activities
- Financial service industry specific risks
- Processes to identify risks
- Risk event identification technologies
- Internal and external risk events

Key skills developed

On completing the learning programme participant will be able to:

- Be able to assist with risk planning in consultation with relevant stakeholders
- Support risk management at operational level
- Implement risk controls according to defined risk management policies and plans
- Identify and assess possible risk response activities for consideration in the risk management process
- Conduct risk response activities in accordance with risk management plans
- Apply change management techniques to facilitate implementation of risk controls, risk management & risk response activities.
- Identify and analyse risk events in the business units to contribute to risk management processes
- Implement risk control activities to support implementation of risk management responses
- Document and track risk management outcomes according to information format requirements and present documentation to relevant stakeholders for review.

Programme delivery

Study hours

This programme has a recommended study time of 5 hours to work through all of the study, recommended readings and revision.

Assessment

You will sit a 30 minute online multiple-choice exam which is on-demand.

The assessment consists of:

- 20 multiple choice questions

Certification grading

The overall assessment is graded Pass/Fail only. To achieve a pass, you must achieve a minimum of 60%.

Grade	Pass Mark (%)
Pass	60%

Re-sit attempts

If you fail your multiple-choice exam, you are able to re-take this on your course site. 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 specified entry requirements. However, participants need to have a strong understanding of the English language and be able to study in English at an advanced level.

Learning outcomes and indicative content

Topic 1: Risk in business and financial services

Learning outcome	Indicative content
<p>Introduction</p> <p>1.1 Risk and risk management</p> <ul style="list-style-type: none"> ○ Risk v uncertainty ○ 1.1.1 Risk outcomes, events and losses <p>1.2 Managing risk</p> <ul style="list-style-type: none"> ○ 1.2.1 Risk appetite <p>1.3 Risk types</p> <ul style="list-style-type: none"> ○ 1.3.1 Credit risk ○ 1.3.2 Operational risk ○ 1.3.3 Data governance and reporting risk ○ 1.3.4 Technology and information risk ○ 1.3.5 Market risk ○ 1.3.6 Liquidity risk ○ 1.3.7 Strategic risk <p>1.4 Internal and external risk events</p> <p>Summary</p>	<ul style="list-style-type: none"> • Understand what risk is and why banks take risks • Detail the difference between risk and uncertainty how different banks and their customers generate different levels of risk • Understand the impact on banks of not managing the risks they take • Discuss the types of risks commonly generated by a bank's business activities • Consider the main internal risks a bank generates, and how it is also subject to external risks

Topic 2: principles of risk management

Learning outcome	Indicative content
<p>Introduction</p> <p>2.1 Importance of risk management</p> <ul style="list-style-type: none"> ○ 2.1.1 A bank's balance sheet ○ 2.1.2 The leverage ratio ○ 2.1.3 Impact of losses on a bank's equity ○ 2.1.4 Impact on society and the economy <p>2.2 Risk management regulations</p> <ul style="list-style-type: none"> ○ 2.2.1 Ensuring financial stability ○ 2.2.2 Basel Committee on Banking Supervision (BCBS) <p>2.3 Principles of effective risk management</p> <ul style="list-style-type: none"> ○ 2.3.1 Risk management process <p>2.4 Risk culture</p> <p>2.5 Risk governance</p> <ul style="list-style-type: none"> ○ 2.5.1 Risk governance implementation <p>2.6 Enterprise risk management (ERM)</p> <ul style="list-style-type: none"> ○ 2.6.1 Benefits of ERM ○ 2.6.2 ERM: data and reporting implications <p>Summary</p>	<ul style="list-style-type: none"> • Explain why risk management is a core activity for a bank • Outline the consequences of failure to manage risk including the impact on a bank's stakeholders and the wider economy • Discuss why risk has a much larger impact on a bank than on other types of organisations • Understand the objectives and core components of international risk-based regulations and frameworks • List the eight principles of effective risk management • Describe the stages within the risk management process • Understand the term risk governance and its underlying principles • Appreciate how staff behaviour can impact the effectiveness of risk management frameworks • Explain the difference between enterprise risk management and traditional approaches • Detail methods for monitoring enterprise risk indicators and risk management activities

Topic 3: Business risk identification and assessment

Learning outcome	Indicative content
<p>Introduction</p> <p>3.1 Recap on the risk management process</p> <p>3.2 Risk identification</p> <ul style="list-style-type: none"> ○ 3.2.1 Classification considerations ○ 3.2.2 Other challenges and considerations ○ 3.2.3 Approaches to identification <p>3.3 Risk assessment</p> <ul style="list-style-type: none"> ○ 3.3.1 Assessing impact ○ 3.3.2 Establishing probability/likelihood ○ 3.3.3 Effectiveness of controls <p>3.4 Risk assessment tools</p> <ul style="list-style-type: none"> ○ 3.4.1 Credit risk ○ SWOT analysis ○ 3.4.2 Market risk ○ 3.4.3 Liquidity risk ○ 3.4.4 Operational risk ○ 3.4.5 Scenario analysis and stress testing <p>3.5 The three lines of defense</p> <ul style="list-style-type: none"> ○ 3.5.1 Improved collaboration and accountability <p>3.6 Risk event identification and analysis</p> <ul style="list-style-type: none"> ○ 3.6.1 Risk event analysis ○ 3.6.2 Risk event management <p>Summary</p>	<ul style="list-style-type: none"> ● Understand how banks identify risks across businesses ● Outline risk assessment activities for various types of risk ● Explain how the three lines of defence model is used to define roles and responsibilities ● Discuss risk event identification technologies adopted by banks ● Describe how banks analyse risk events in business units.

Topic 4: Risk management strategies and plans

Learning outcome	Indicative content
<p>Introduction</p> <p>4.1 Risk management strategies</p> <ul style="list-style-type: none"> ○ 4.1.1 Environmental, social and governance (ESG) risks ○ 4.1.2 Climate risks ○ 4.1.3 Operational management support <p>4.2 Risk management frameworks and plans</p> <ul style="list-style-type: none"> ○ 4.2.1 Implementation challenges ○ 4.2.2 Industry-standard frameworks ○ 4.2.3 Risk plans ○ 4.2.4 Updates and improvements ○ Measuring framework effectiveness <p>4.3 Risk control and mitigation activities</p> <ul style="list-style-type: none"> ○ 4.3.1 Control categories and issues ○ 4.3.2 Credit risk mitigation ○ 4.3.3 Operational risk mitigation ○ 4.3.4 Market risk mitigation ○ 4.3.5 Liquidity risk mitigation ○ 4.3.6 Strategic risk mitigation ○ 4.3.7 Change management <p>4.4 Documentation for stakeholder review and record-keeping</p> <ul style="list-style-type: none"> ○ 4.4.1 Key risk indicators (KRIs) ○ 4.4.2 Documentation ○ Importance of data <p>Summary</p>	<ul style="list-style-type: none"> ● Describe risk management strategies, frameworks, policies, procedures and practices ● Understand how management support risk management at an operational level ● Explain the components of risk management plans ● Assist with risk planning in consultation with relevant stakeholders ● Discuss change management techniques to facilitate implementation of risk controls, risk management and risk response activities ● Understand possible risk control activities to support the implementation of risk management responses ● Document and track risk management outcomes, and understand the importance of monitoring risk using key risk indicators (KRIs) ● Understand the importance of maintaining records of the risk management processes and its outcomes.