

ABS | Executive Education

BEHAVIOURAL FINANCE AND VALUE CREATION IN BANKING

BY DR MASSIMO MASSA
ROTSCHILD CHAIRED PROFESSOR OF BANKING AND PROFESSOR OF FINANCE, INSEAD

New changes in the business scenario have made the position of banking within the financial industry subject to multiple attacks by different players and competitors from within the traditional banking sector and outside it, as well as FinTech.

The programme is designed to provide strategic insights and operational tools to expose the participants to the new world of banking using a behavioural perspective. It is tailored to make participants get acquainted with the new behavioural tools used to handle more sophisticated and demanding customers, as well as go up against more prepared competitors and new sources of competition to gain a competitive edge. A framework will be developed to allow for critical thinking and to lay out how to move forward and cope with these new trends, and turn them into opportunities and sources of competitive advantage.

TRAINING METHODOLOGY

The programme will be a blend of lectures, case discussions and in-class development of practical illustrations to allow for hands-on experience with the concepts studied and deep learning

PROGRAMME OUTLINE

DAY 1

Morning Session BEHAVIOURAL BIASES

The purpose of this session is to provide an understanding of the major behavioural biases (e.g. disposition effect, mental accounting, conservatism, information and overflow). We will first analyse them and then see the relevance of their impact on financial behaviour and performance. The goal is to make participants aware of the different biases and to quantify their relevance to distinguish between the truly important ones and the secondary ones. We will as well operationalize the role of behavioural biases to guide the decision-making process of bank managers. We will focus on how biases affect their performance and how the work/structure may make them more prone to such biases. We will also lay out a framework on how to handle biases related to team work and how to create “high performing teams”.

Afternoon Session BEHAVIOURAL BIASES AND VALUE CREATION

This session will take a “behavioural perspective” to focus on a key problem the banks face and that is how to identify the core competency of a bank. We will consider the key products, risks, innovations and influence on corporate decision-making.

We will then investigate the following:

- What does the bank’s brand stand for?
- Who are the bank’s main customers?
- What is the bank’s main strategy?
- Is “big good” in the banking industry?

These questions are being asked in light of what has happened in global banking and the financial markets around the world and, more importantly, what is likely to happen going forward.

We will then define what value creation in banking is and how behavioural biases prevent managers from achieving it. In particular, we will look at issues that include the major structural breaks in the industry, how to deal with new players within the same industry and/or geography, new products (securitization and alternative funding), regulatory constraints, and FinTech and disruptions, and how behavioural biases make it difficult for bank managers to properly address these issues.

PARTICIPANT PROFILE

- Bankers in corporate, private, investment and retail banking
- Senior bank strategists
- Trusted and strategic advisors
- Banking supervisors and regulators
- Bank consultants

DAY 2

Morning Session BEHAVIOURAL BIASES AS A WAY OF PROVIDING SOLUTIONS TO CUSTOMERS

This session focuses on how behavioural finance helps to define the new banking model. We will begin with how it helps to understand customers with focus on private and corporate ones, then look at the biases they suffer and how the new bank can provide value to them by:

- a) Helping them to make debiased decisions; and
- b) Offering new “high-added value” services

Narrowing in on private, wealthy and retail customers, we will see how behavioural finance helps to provide services and design to products and solutions. This will be followed by corporate customers and understanding how bankers can design strategies that help them leverage on biases when implementing corporate decisions and choosing strategies.

Afternoon Session BEHAVIOURAL FINANCE AND THE MARKETS

This final session will provide an understanding of how behavioural finance is linked to the most recent financial markets developments and the ways to master them. The focus is on the link between investor biases and portfolio choice to help us understand the role of behavioural finance through an investment perspective. How behavioural biases have changed the way various players are offering services in the industry and how capital is allocated to institutional investors will be addressed. Focus will also be on the recent changes induced by the Global Financial Crisis and the effects of new technology. The goal is:

- a) To understand recent developments in the financial industry and help bankers position within them; and
- b) To understand how capital is now allocated in the financial industry to derive a broader holistic view of the flow of capital to corporate customers

Finally, we will provide a global overview of how the global financial markets and financial players are evolving and positioning themselves to understand the “new business model” and its new sources of competition.

ABOUT THE TRAINER



DR. MASSIMO MASSA

Rothschild Chaired Professor of Banking and Professor of Finance, INSEAD

Dr. Massimo Massa is the Rothschild Chaired Professor of Banking and Professor of Finance at INSEAD where he teaches International Finance, Corporate Finance, Asset Management, Behavioural Finance and Governance in the MBA, EMBA, PhD and Executive programmes. He is Programme Director of the Advanced Asset Management programme, Interalpha Banking programme and the Master of Finance. He co-directs the programme on Value Creation for Owners and Directors, and has directed several programmes for corporations and banks, including ABN Amro, Societe Generale, FinecoBank, Technip, Mubadala and Bertelsmann. He also co-directs the Hoffman Fund for research in ownership and family firms at INSEAD.

Dr. Massa has also been a consultant with several companies on strategic issues related to governance and corporate financial and growth strategies. He previously worked at the Bank of Italy in the Banking Division (1989-1992) and in the Research Department (Monetary and Financial Markets Division) (1993-1997), participating in the day-to-day running of monetary policy and on the analysis of the financial markets.

Dr. Massa's research has been quoted and discussed in major magazines and newspapers (The Economist, Business Week, New York Times, Wall Street Journal), as well as professional journals (Creditflux, Journal of Trading) and forums (Harvard Law Forum, Notre Dame Law Forum). His research interests include asset management, corporate finance, behavioural finance and financial intermediation; with his current research focusing on the link between corporate financial strategies, governance and type of ownership and how this affects value creation and growth in corporations. He also studies the strategies of asset managers and banks and their synergies. His articles have been published in all the top academic journals such as Review of Financial Studies, Journal of Finance, Journal of Financial Economics, Journal of Business, Journal of Financial and Quantitative Analysis, Journal of Financial Markets, Journal of Banking and Finance, Management Science, Journal of Monetary Economics and European Journal of Financial Management. Dr. Massa is also Associate Editor of the Journal of Empirical Finance and the Review of Finance.

He graduated summa cum laude from the Department of Economics at the LUISS University of Rome, Italy. He obtained an MBA from the Yale School of Management and an MA and a PhD in Financial Economics from Yale University. He is a CPA and Auditor.

PROGRAMME DETAILS

Date : 12 – 13 September 2017
Time : 9:00 am – 6:00 pm
Venue : Asian Banking School

PROGRAMME FEE*

MYR
12,000

The cost of the programme includes lunch and other refreshments, as well as programme materials for one participant.

**inclusive of 6% GST*

To register for this programme, please visit the Executive Education page on our website at www.asianbankingschool.com/our-programmes/executive-education

ABOUT THE SCHOOL

At the Asian Banking School, we understand how impactful knowledge can be in transforming individuals, organisations and societies. By leveraging on the power of experience of senior industry practitioners as well as world-renowned academics from leading business schools in the world to deliver our programmes, we provide a learning environment for participants to gain real world knowledge to enhance their professional lives and make changes that matter in their organisations.

Through its sector-leading customised and open enrolment Executive Education programmes that are designed to be relevant, intensive and challenging, the School equips banks and its leaders with the right knowledge to take them up and move them forward. It also provides the opportunity for executives to share their experiences in a structured and intellectually stimulating environment, to learn from each other and ask the hard-hitting questions in a safe environment separate from their workplace.

The School develops and delivers relevant, practical and innovative learning development programmes for bankers at all levels through its suite of Executive Education, Public, In-House and Graduate Training Programmes, as well as its Professional Qualifications-related training workshops. It also provides a broad spectrum of consultancy services that are tailor-made to meet organizational needs and strategic objectives, and can range from a long term comprehensive education pathway programme to a short up-skilling class.

For training enquiries, please contact:

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