

ABS | Executive Education

CREATING VALUE IN A FAST CHANGING BANKING WORLD

BY DR JEAN DERMINE
PROFESSOR OF BANKING AND FINANCE, INSEAD

The banking world is changing fast; digital banking, competition from FinTech companies, Basel 3 regulations on capital and liquidity, and regional economic integration. As banks are shifting from overriding concern for growth to a preoccupation with long-term value creation and risk control, knowledge of Asset & Liability Management (ALM) is becoming a necessity for all bankers accountable for the results of a profit centre. ALM is a tool that ensures that strategy, decision making, risk-taking, pricing and performance measurement are consistent with the corporate objectives set by senior management and the board and regulatory constraints imposed by central banks, such as Basel 2 or Basel 3.

A unique feature of the course is to anchor the discussion on a sound bank valuation model that identifies in a transparent manner the drivers of value creation. It forms the basis of the applied book that will be distributed to the participants : Bank Valuation and Value-based Management (J. Dermine, Mc Graw-Hill, NY, 2nd edition, 2015)

TRAINING METHODOLOGY

The course is a mix of lecture discussions to introduce the concepts and practice with the banking simulation ALCO Challenge. Participants are grouped into teams, each of which represents the Asset & Liability Committee (ALCO) of a bank. They take various decisions related to deposit and loan pricing, balance sheet management and off-balance sheet control. A unique feature of ALCO Challenge is that it includes advanced control tools that help participants to understand the sources of profitability and risks. ALCO Challenge is compliant with Basel 2 and Basel 3 regulations.

PROGRAMME OUTLINE

DAY 1

MORNING SESSION

We first review the drivers of value creation -ROE and cost of equity- and the breakdown of a bank into value centers. Issues include advanced fund transfer pricing in the presence of liquidity risk and Basel 3 liquidity regulation and economic capital allocation to business units. This is followed by an introduction to the ALCO challenge simulation.

- ALCO decision 1

AFTERNOON SESSION

In the afternoon we discuss the drivers of economic capital allocation to business units and the impact of Basel regulations. This has implication for loan pricing, securitization and marketplace funding. Participants then take a second decision with the ALCO simulation.

- ALCO decision 2

PARTICIPANT PROFILE

- Senior bankers in corporate, retail and treasury
- ALM and strategy specialists
- Banking supervisors and auditors

DAY 2

MORNING SESSION

We first review the tools to control of liquidity and interest rate risk on the banking book. Issue of risk appetite is raised, followed by a discussion of the 2016 Basel proposal for a regulation of interest rate risk on the banking book. Participants take the third ALCO decision.

- ALCO decision 3

AFTERNOON SESSION

Two topics are discussed in the final afternoon: the new financial markets architecture with special resolution regime and bail-in bonds, and the recent international bank experience in developing a strategy for growth and long-term value creation. Participants then take the fourth and final ALCO decision.

- ALCO decision 4

ABOUT THE TRAINER



DR. JEAN DERMINE

Professor of Banking and Finance, INSEAD

Dr. Jean Dermine is Professor of Banking and Finance at INSEAD and director of the INSEAD Strategic Management in Banking and Risk Management in Banking senior executive programmes.

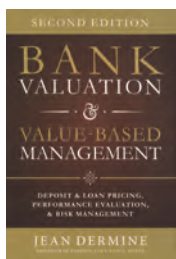
He is co-author of the ALCO Challenge, a computer-based training simulation used in Europe, Africa, the Americas, Asia and Australasia.

His work has been profiled in the international press, such as The Economist, Financial Times, New York Times and Wall Street Journal.

As a consultant/director of training programmes, he has worked with international banks, auditing and consulting firms, national central banks, European Central Bank, Bank for International Settlements, HM Treasury, the OECD, the World Bank, the European Commission, and the Mentor Forum for the US Supreme Court and the European Court of Justice.

Jean Dermine is the founder of the INSEAD Centre for International Financial Services. His current research deals with long-term value creation and risk control, asset & liability management (ALM), bank valuation, Basel III, fund transfer pricing, credit risk and loan-loss provisioning, and pitfalls inherent in RAROC-type methodologies.

Jean Dermine has been Visiting Professor at the Wharton School of the University of Pennsylvania, at the Universities of Lausanne, Louvain and Luxembourg, and at CESAG in Dakar. He was a Salomon Center Visiting Fellow at New York University and a Danielsson Foundation Guest Professor of Bank Management at the Göteborg and Stockholm Schools of Economics.



Author of numerous articles on banking and Asset & Liability Management, Dr Jean Dermine has published 5 books, including Bank Valuation and Value-based Management (deposit and loan pricing, performance evaluation and risk management), McGraw-Hill, NY, 2nd edition, 2015 (with translation in Chinese and Portuguese-Brazil).

PROGRAMME DETAILS

Date : 21 – 22 November 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.

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