



Tools and Techniques for Effective Financial Risk Management

Course Description

Banyan Global introduces its latest course for microfinance institutions (MFIs). This offering is tailored to MFIs that are transforming into regulated, deposit-taking institutions or those that are growing and have more-complex asset and liability structures.

Goals and Objectives of the Course

The course trains participants to measure, manage, and monitor the foreign exchange (FX), liquidity, and interest rate risks of an MFI so they can make more-informed decisions for continued sustainability and profitability and meet the requirements of investors, commercial funders, and regulators.

After completing the course, participants will be able to assess the financial risk of their institution and identify additional techniques, tools, and resources that are critical to managing it. The course covers internal structures, testing techniques, and limit setting so managers can understand the relationship between risk management activities and managing the risk itself. The course reviews and clarifies the rationale behind managing financial risks and the root causes and potential impact of these risks on a financial institution. A by-product of this training will be increased focus on liability management and funding structure that is aligned with the MFI's risk appetite.

At the end of the training, participants will be able to

- Analyze the historical volatility of FX, interest rates, and deposits to better understand the reasons for these variables' behavior
- Construct measurements of FX, interest rate, and liquidity risk
- Devise stress scenarios and tests for FX, interest rate, and liquidity risk
- Quantify the tradeoff between risk and reward to define their institution's risk appetite.
- Set limits for FX, interest rate, and liquidity risk and understand strategies to monitor and limit these risks
- Develop all necessary reports to monitor risk limits
- Analyze a balance sheet for inherent asset and liability risks, focusing on liability management
- Create an aggregate risk profile and internal audit schedule
- Describe the skills necessary for managers involved in financial risk management

- Define the roles and responsibilities of different committees, such as the asset liability committee (ALCO) or risk management committee, with regard to asset liability and financial risk management

Who Should Participate

The course is geared to chief financial officers (CFOs), chief operations officers (COOs), management information systems (MIS) managers, and accounting and internal-audit heads.

Course Structure

The course is structured into modules that can be offered as stand-alone sessions or as a continuous four-day course. This course is further enhanced with on-site support to implement systems, policies, and procedures within the institution to apply the principles covered. The modules are

- The Banyan Global Risk Management Framework and Asset Liability Management Principles
- Financial Market Volatility: Causes and Effects
- FX Risk Management Tools and Techniques
- Interest Rate Risk Management Tools and Techniques
- Managing Deposits
- Liquidity Risk Management Tools and Techniques
- Internal Audit Tools and Techniques
- Human Resource Requirements
- The Roles of Committees
- Creating an Action Plan for Risk Management

Registration

For additional information or to organize a training workshop for your MFI or network of MFIs, please contact

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