

Chartered Banker

PROFESSIONAL BANKER DIPLOMA

2016 MODULE SPECIFICATION

Title:	Introduction to Risk
Credit Value:	SCQF Level - 8 SCQF Credit Points - 10
Aim:	To provide an introduction to the relationship between risk and banking operations including the assessment and mitigation of risk, legal and regulatory issues.
Access Statement:	There are no entry requirements for the module, although it is strongly recommended that the Professional Banker Certificate is completed prior to undertaking study for the Professional Banker Diploma.
Programme of study to which unit contributes:	<ul style="list-style-type: none">Professional Banker Diploma Holders of the Professional Banker Diploma may proceed to Associate Chartered Banker Diploma.
Learning Outcomes:	Knowledge, Understanding and Skills On successful completion of this module, students will be able to: <ol style="list-style-type: none">1. understand the role of risk assessment;2. understand third party risk policies;3. understand the concept of model risk policy;4. understand the importance of business resilience;5. understand what is meant by the Internal Audit function;6. understand the legal and regulatory frameworks for banking.
Method of Learning:	Distance Learning Study Text.
Assessment:	Two hour online examination, consisting of 100 multiple choice questions.

Learning Outcomes, Assessment Criteria and Content

Learning Outcomes	Assessment Criteria	Indicative Content
Risk Assessment		
1. Understand the role of risk assessment.	1.1 Explain what is meant by 'risk'. 1.2 Explain what is meant by risk management. 1.3 Understand the components of the operational risk management lifecycle. 1.4 Describe the different type of risk that banks can be exposed to In the UK.	<ul style="list-style-type: none"> • Risk Assessment • Understanding of risk and risk management • The risk management lifecycle • Operational risk • Risk identification • Risk Mitigation • Risk monitoring and control

Learning Outcomes	Assessment Criteria	Indicative Content
Third Party Risk Policy		
<p>2. Understand third party risk policies.</p>	<p>2.1 Explain what is meant by a ‘third party policy’ and describe how it works.</p> <p>2.2 Outline the benefits of using a third party.</p> <p>2.3 Identify the areas in business involved when contracting with a third party.</p>	<ul style="list-style-type: none"> • Third party policies • Third parties and their benefits • Roles and responsibilities • Types of third party engagements • Outsourcing business critical and high value initiatives • Regulatory requirements • The risk management template • A supplier management framework • Supplier risk management • Third party relationship management

Learning Outcomes	Assessment Criteria	Indicative Content
Model Risk Policy		
<p>3. Understand the concept of 'model risk policy'.</p>	<p>3.1 Explain what is meant by a model risk and describe how it is used.</p> <p>3.2 Describe the roles and responsibilities associated with model risk.</p> <p>3.3 Explain why it is important to ensure that a sound a validation processes and comprehensive documentation are used when using models.</p> <p>3.4 Identify the factors that will determine the quality and accuracy of a model.</p>	<ul style="list-style-type: none"> • Definition of a model risk • A typical model risk policy • Model approval • Ongoing validation • Reporting • Roles, responsibilities and authorities

Learning Outcomes	Assessment Criteria	Indicative Content
Business Resilience		
<p>4. Understand the importance of business resilience.</p>	<p>4.1 Explain the importance of business resilience in continuity management.</p> <p>4.2 Identify the benefits of a business continuity policy.</p> <p>4.3 Describe what is meant by 'business continuity planning'.</p> <p>4.4 Explain the steps that should be taken when a business unit is developing its business continuity management capability.</p>	<ul style="list-style-type: none"> • Business continuity • Business continuity documentation • Business continuity management process • Roles and responsibilities within business continuity • Regulatory issues around business continuity

Learning Outcomes	Assessment Criteria	Indicative Content
Internal Audit		
5. Understand what is meant by the Internal Audit function.	5.1 Describe the responsibility of an audit committee. 5.2 Explain the purpose on an audit charter. 5.3 Describe the planning process used for internal audits. 5.4 Explain how technology risks should be addressed.	<ul style="list-style-type: none"> • Audit committee • An audit charter • Annual audit plan • Business units • Internal audit methodology

Learning Outcomes	Assessment Criteria	Indicative Content
Legal and Regulatory Frameworks		
<p>6. Understand the legal and regulatory frameworks for banking.</p>	<p>6.1 Explain what is meant by the term ‘law of contract’.</p> <p>6.2 Describe the effect of “corporate governance” on organisations and discuss its importance.</p> <p>6.3 Explain the role of senior management when it comes to the implementation of regulation.</p> <p>6.4 State the purpose of the compliance function.</p> <p>6.5 The Senior Management and Certification Regime.</p>	<ul style="list-style-type: none"> • Role of a legal department • Law of contract • Corporate governance • The regulatory landscape • The Basel Committee • International Organisation of Securities Commissions (IOCU-IOSCO) • Financial Conduct Authority (FCA) • Prudential Regulation Authority (PRA) • British Bankers’ Association (BBA) • Banking Code Standards Board (BCSB) • Anti- money Laundering Regulations • The Banking Codes • The Data Protection Act 1998 • Senior Manager and Certification Regime