



香港銀行學會

The Hong Kong Institute of Bankers

Qualifications Handbook 2017

Certified Banker

Syllabus, Regulations and General Information

CB (Stage I)

CB (Stage II)

Certified Banker (CB)

CB (Stage II)

CB (Stage I)

QF Level 6

- Postgraduate Diploma in Credit Management for Certified Banker (QR Registration no. 16/001005/L6)
- Postgraduate Diploma in Treasury Management for Certified Banker (QR registration no. 16/001006/L6)
- Postgraduate Diploma in Operations Management for Certified Banker (QR registration no. 16/001007/L6)

QF Level 5

- Professional Diploma for Certified Banker (QR registration no. 16/001004/L5)

QF Level 4

- Advanced Diploma for Certified Banker (QR registration no. 16/001001/L4)



CERTIFIED BANKER

Table of Contents		Page
1. Introduction		1
2. Examination Structure and Awards		4
3. Regulations		8
4. Syllabus		
4.1. Advanced Diploma for Certified Banker		14
<u>Core Subject</u>		
• Banking Services and Professional Ethics		
<u>Elective Subjects</u>		
• Financial Systems and Risk Management		
• Fundamentals of Accounting and Law in Banking		
• ECF Subject: Anti-Money Laundering and Counter-Terrorist Financing [AML/CFT]		
4.2. Professional Diploma for Certified Banker		31
<u>Elective Subjects</u>		
• Business and People Management		
• Corporate Finance Services		
• Finance of International Trade		
• Management of Information Systems in Banking		
4.3. Postgraduate Diploma		48
<u>Specialist Streams</u>		
Postgraduate Diploma in <u>Credit Management</u> for Certified Banker		
• Bank Lending		
• Credit Risk Management		
Postgraduate Diploma in <u>Treasury Management</u> for Certified Banker		
• Bank Asset and Liability Management		
• Treasury Markets and Operations		
Postgraduate Diploma in <u>Operations Management</u> for Certified Banker		
• Banking Law and Practice		
• Operational Risk Management		
<u>Case Study Examination</u>		
5. Study Guide – Planning Your Study		77
6. CB Examination Prize Awards		79
Appendix 1 Policy of Personal Data Protection		80

1. Introduction

1.1 Benchmark for Professional

Certified Banker (CB) is a professional qualification developed and run by the HKIB to help banking practitioners at all levels raise their professional standards with skills relevant for this fast-changing banking environment. It also provides a common qualification benchmark for individuals and employers that is recognised by regulators and leading authorised institutions.

1.2 ECF Subjects Integrated

The programmes of CB cover both generic and specialist topics, and integrates subjects from the Hong Kong Monetary Authority's Enhanced Competency Framework (ECF). It is an enhancement of the Associate of The Hong Kong Institute of Bankers (AHKIB) qualification, which was launched over two decades ago.

1.3 Progressive Learning Path

Each of the diploma programmes has its own unique learning outcomes, which reflect a set of progressive learning objectives. By taking a bottom-up path of study under the programme, candidates will be following a path of three-level, well-defined learning experience.

For example, the learning outcomes that frame the Advanced Diploma are related to the acquisition of foundation knowledge. As candidates proceed to the Professional Diploma, they progress to up-skill themselves with enhanced competencies and applications. The ultimate capstone stage is the Postgraduate Diploma to facilitate a learning platform for candidates to enhance the capability to promptly identify a problem, critically analyze the core issue, formulate strategies, and offer appropriate solutions for a specialized banking area that requires sophisticated knowledge and professional skills.

1.4 Three-level Progressive Award System

The award system of the CB programme recognises the achievement of candidates upon their completion of each of the three stages in the examination structure. All the three stages are award-bearing. This allows a more flexible study plan and helps enriching the credentials of candidates.

**Postgraduate Diploma in Credit / Treasury / Operations Management
for Certified Banker**



Professional Diploma for Certified Banker



Advanced Diploma for Certified Banker

1. Introduction

1.5 Designations

Upon election, candidates who have successfully completed each diploma programme and fulfill the requirement on working experience will be awarded a respective CB “Scroll”. Designation holders are entitled to print the highest attained CB designation on their business card and curriculum vitae which signifies their professional excellence.

Certified Banker [CB]

CB is awarded to candidates who have completed all the three stages of CB programmes and possess three years banking or financial related working experience. The programme covers all-rounded knowledge in banking for grooming individual staff into managerial positions and is suitable for those who would like to prepare themselves for management positions.

Certified Banker (Stage II) [CB (Stage II)]

CB (Stage II) is awarded to candidates who have completed the Professional Diploma for Certified Banker programme, and possess two years banking or finance related working experience.

Certified Banker (Stage I) [CB (Stage I)]

CB (Stage I) is awarded to candidates who have completed the Advanced Diploma for Certified Banker programme and possess one year banking or finance related working experience. The programme covers the core competence required in banking and financial industry, and is suitable for newly joined staff or junior officers with less than 3 years of working experience, or individuals from non-financial industries who are interested in joining the banking and financial industry.

Awards [QF Level]	Designations
Postgraduate Diploma (Stream) for Certified Banker - Credit Management - Treasury Management - Operations Management <i>[QF Level 6]</i>	Certified Banker <i>(with 3 years banking or finance related working experience)</i>
Professional Diploma for Certified Banker <i>[QF Level 5]</i>	Certified Banker (Stage II) <i>(with 2 years banking or finance related working experience)</i>
Advanced Diploma for Certified Banker <i>[QF Level 4]</i>	Certified Banker (Stage I) <i>(with 1 year banking or finance related working experience)</i>

Remarks:

- To facilitate public recognition of CB and acknowledge the achievement of our designation holders, designation holders will be registered as Certified Individuals of HKIB, and name of designation holders will be presented on the HKIB website and also published on the Institute’s journal “Banking Today” and Annual Report.
- To maintain the professional qualification status, designation holders should maintain HKIB membership and fulfill the HKIB Continuing Professional Development (CPD) requirements.

1. Introduction

1.6 Training Classes

Candidates must have completed the CB training classes before sitting for the examinations.

	Advanced Diploma Subjects	Professional Diploma Subjects	Postgraduate Diploma Subjects
Tuition	5 Sessions	10 Sessions	10 Sessions
Tutorial*	3 Sessions	10 Sessions	10 Sessions

* For Tutorial, candidates are recommended to have at least 2 years relevant experience in the subject.

1.7 HKIB Resources Corner Support

The Resources Corner situated at the premises of the Institute provides the required learning resources for study. Copies of Supplementary, Essential and Further Readings are available in the HKIB Resources Corner for borrowing.

Candidates are encouraged to prepare the examinations by acquiring relevant market information and subject knowledge through various channels, e.g. reference readings, business journals, websites etc. Candidates should be aware that such market information may be important and pertinent to the examinations.

1.8 Market Information Updates

The Institute regularly organizes training courses, seminars and luncheon talks on current issues and developments in financial markets that candidates may find essential, helpful and relevant to their examinations.

2. Examination Structure and Awards

2.1 CB Examination Structure and Awards

Candidates have to attempt the subjects progressively according to each stage's requirement:

Programme	Completion Requirement
Advanced Diploma for CB	1 Core and 2 Elective Subjects
Professional Diploma for CB	2 Elective Subjects
Postgraduate Diploma for CB	a) 2 Subjects from one Specialist Stream: <ul style="list-style-type: none"> ● Credit Management ● Treasury Management ● Operations Management b) Case Study Examination

Upon completion of the training classes and examinations required for each stage, candidates will be awarded a diploma in recognizing their achievement.

2.2 Entry Requirement

Advanced Diploma for Certified Banker

- A Bachelor's Degree awarded by a recognised university or equivalent; OR
- An Associate Degree / Higher Diploma in Banking and Finance area; OR
- Relevant professional qualifications; OR
- Mature Student (aged 21 or above) with either
 - At least 5 years of banking and finance working experience; OR
 - 2 years of banking and finance experience with recommendation of employer¹;
 OR
- Registered HKIB student members or post-secondary full time students²

Note 1: Recommendation of employer should be submitted in written format (e.g. Letter of Recommendation) to HKIB together with the Programme Application Form. The following criteria may be considered by employers when writing recommendation:

- Career advancement
- Job relevancy

Note 2: Student members such as university undergraduates can enroll in the Advanced Diploma for Certified Banker before they graduate. Upon graduation, student members can continue to pursue the Professional Diploma for CB, and also attain the respective CB designation after fulfilling the requirement on working experience.

2.3 Exemption

- Subject exemption applications are accepted for recognised qualifications (i.e. pre-approved qualifications). For details, please refer to Section 3 - Regulations.

2. Examination Structure and Awards

2.4 Examination Format

Subject	Examination Question Format	Passing Mark
Advanced Diploma Subjects	<ul style="list-style-type: none"> Multiple Choice Questions 	70%
Professional Diploma Subjects	<ul style="list-style-type: none"> Multiple Choice Questions Essay Questions 	60%
Postgraduate Diploma Subjects	<ul style="list-style-type: none"> Essay Questions 	50%
Case Study Examination	<ul style="list-style-type: none"> Individual Written Report Case Study Questions 	50%

Remark: Candidates are required to attain a pass in the Case Study Examination of the respective specialist stream upon completion of 2 Postgraduate Diploma subjects in order to attain the Postgraduate Diploma in Credit / Treasury / Operations Management for CB.

2.5 Learning Effort

- Normally there is no time limit for completing the examinations. As estimated based on an average learner, candidates are recommended to complete the whole CB Programme within three years.

Remark: The Institute conducts syllabus review periodically to maintain the quality of our learning programmes. If the syllabus of the subject has been substantially changed or updated, candidates may be required to re-take the training classes before attempting the examination.

- Candidates are advised to attempt **maximum 3 subjects** in one diet, and spend not less than 200 notional learning hours for each Advanced Diploma Subject and not less than 300 notional learning hours for each Professional Diploma and Postgraduate Diploma Subject.

Remarks: Notional learning time refers to the amount of time an average learner is expected to take to complete all learning pertaining to the module / programme, and achieve the learning outcomes of the module / programme. It includes time spent on all learning modes and activities, such as lectures, laboratories, workshops, guided learning, self-study, projects, assignments and assessments. Notional learning time is expressed in notional learning hours, and includes contact hours, self-study hours and assessment hours.

- Candidates should complete the required subjects in each level before progressing to the next level.

2. Examination Structure and Awards

2.6 Grading

	Advanced Diploma Subjects	Professional Diploma Subjects	Postgraduate Diploma Subjects / Case Study Examination
Pass with Distinction	Above 90%	Above 85%	Above 80%
Pass with Credit	80-90%	75-85%	65-80%
Pass	70-79%	60-74%	50-64%
Fail A	60-69%	56-59%	46-49%
Fail B	50-59%	46-55%	36-45%
Fail C	Below 50%	Below 46%	Below 36%

2.7 Accreditation and Qualifications Framework (QF)

In order to ensure sustainable manpower development amidst the rapidly changing world, the Education Bureau (EDB) of the Government of the Hong Kong Special Administrative Region (HKSAR) officially launched the Qualifications Framework (QF) in Hong Kong on 5 May 2008. The QF in Hong Kong (HKQF) is a seven-level hierarchy covering qualifications in the academic, vocational and professional as well as continuing education sectors to promote and support lifelong learning with a view to continuously enhancing the quality, professionalism and competitiveness of our workforce in an increasingly globalised and knowledge-based economy. Qualifications recognised under the QF are quality assured and level-rated in accordance with objective and well-defined standards.

The following CB learning programmes have been accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) and are recognised under the QF:

1. Advanced Diploma for Certified Banker [QF Level 4];
2. Professional Diploma for Certified Banker [QF Level 5];
3. Postgraduate Diploma for Certified Banker [QF Level 6].



Certified Banker (CB)

銀行專業會士



CB 銀行專業會士

With 3 years banking or finance related working experience ^{note1}
三年銀行或金融業相關之工作經驗 ^{note1}

QF LEVEL 6 ^{note2}

Postgraduate Diploma in Credit Management for Certified Banker 銀行專業會士深造文憑 (信貸管理) QR No. 16/001005/L6	Postgraduate Diploma in Treasury Management for Certified Banker 銀行專業會士深造文憑 (財資管理) QR No. 16/001006/L6	Postgraduate Diploma in Operations Management for Certified Banker 銀行專業會士深造文憑 (營運管理) QR No. 16/001007/L6
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Complete any ONE of the specialist stream (TWO Subjects) and attain a pass in case study examination of the respective specialist stream
完成任何一項專科範疇 (各兩個科目) 及案例分析考試

Credit Management 信貸管理 Bank Lending ● 銀行信貸 Credit Risk Management ● 信用風險管理	Treasury Management 財資管理 Bank Asset and Liability Management ● 銀行資產及負債管理 Treasury Markets and Operations ● 資金市場及運作	Operations Management 營運管理 Banking Law and Practice ● 銀行法律與實務 Operational Risk Management ● 營運風險管理
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QF LEVEL 5 ^{note2}

Postgraduate Diploma for Certified Banker

銀行專業會士專業文憑
QR No. 16/001004/L5

Any TWO Elective Subjects 任何兩科選修科目

Corporate Finance Services ● 企業融資業務	Finance of International Trade ● 國際貿易融資
Management of Information Systems in Banking ● 銀行資訊系統管理	Business and People Management ● 業務與人事管理

QF LEVEL 4 ^{note2}

Advanced Diploma for Certified Banker

銀行專業會士高等文憑
QR No. 16/001001/L4

ONE Core and TWO Elective Subjects 一科核心科目及任何兩科選修科目

Core Subjects 核心科目 Banking Services and Professional Ethics ● 銀行業務與專業操守	Elective Subjects 選修科目 Fundamentals of Accounting and Law in Banking ● 會計學與銀行法律基礎 Financial Systems and Risk Management ● 金融體系與風險管理 ECF (Core Level): Anti-Money Laundering and Counter-Terrorist Financing [AML/CFT] ^{note3} ● ECF (Core Level): 打擊洗錢及恐怖分子資金籌集 ^{note3}
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HKIB Member with a recognised Bachelor Degree or Professional Qualification
具備認可之學士學位或專業資格之香港銀行學會會員

Note1 : Candidates who have successfully attained the Postgraduate Diploma but with less than 3 years banking or finance related working experience can use the designation "CB (Affiliate)". 成功獲得信貸 / 財資 / 營運管理深造文憑 (銀行專業會士), 但擁有少於三年銀行或金融業相關工作經驗之學員, 可使用「準銀行專業會士」稱銜。

Note2 : All qualifications are accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ), with validity from 1 Dec 2016 to 30 Nov 2020. 所有香港銀行學會資歷已獲香港學術及職業資歷評審局 (HKCAAVQ) 認證, 認證有效期為2016年12月1日至2020年11月30日。

Note3 : Candidates who have successfully completed this ECF (Core Level) subject will be awarded the "Advanced Certificate for ECF in Anti-Money Laundering and Counter-Terrorist Financing [AML/CFT]" (QR No. 16/001002/L4). 完成該ECF科目的學員將獲授予相關高等證書 (資歷名冊登記號碼: 16/001002/L4)

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3. Regulations

A. General Examination Regulations

1. An examination is governed by the Regulations in force at the time of the examination and not by the Regulations in force at the time when a candidate was initially registered, in case of any discrepancies between the two sets of Regulations.
2. On all matters concerning the interpretation of the Regulations, the Professional Standard and Examination Board of the Institute has the final discretionary power and rights.
3. Entry to Examination
 - 3.1. The examinations are open to all current members of The Hong Kong Institute of Bankers (HKIB).
 - 3.2. Members who want to enroll in the CB Examinations must fulfill the stipulated minimum entry requirements.
 - 3.3. Candidates must have completed the training class before taking the examination.
 - 3.4. Applicants can obtain the examination application form: (i) from HKIB website; or (ii) in person from the counter of HKIB Head Office during office service hours.
 - 3.5. The information provided on the application form must be true and clear. Applicant should submit the completed and signed application form, together with the appropriate examination fee, to HKIB Head Office on or before the corresponding application deadline.
 - 3.6. Application forms can be returned by fax or email, or by hand or registered mail to avoid lost in transit. Attention should be paid to the application deadline. Applicants applying by post are reminded to allow sufficient time for mailing or a late entry fee will be charged.
 - 3.7. Acknowledgement of the examination application will be sent to candidates via e-mail within 7 full working days of receiving the application form. Candidates who fail to receive the acknowledgement within the above said period should inform the Institute immediately.
 - 3.8. **Late entries:** Late entries will be accepted up to 14 days after the stipulated application deadlines. A late entry fee of HK\$200 (in addition to the subject entry fee) will apply.
 - 3.9. Inaccurate or incomplete applications may not be accepted even though payment of the examination fee has been made.
 - 3.10. HKIB reserves the right to reject late applications and / or any enrolments deemed inappropriate.
 - 3.11. Under no circumstances will the examination fees be refunded or transferred.
 - 3.12. Under no circumstances will change of subject entry or withdrawal from examination be allowed once the Examination Application Form is submitted.

3. Regulations

- 3.13. HKIB reserves the right to change the examination dates and the application deadlines at any time.
- 3.14. Applicants are advised to retain a copy of the completed application form for their own record.

4. Medium of Examinations

- 4.1. The examinations are conducted in English language.
- 4.2. For all multiple choice questions, candidates must use HB/2B pencil to answer the questions on the Answer Sheets.
- 4.3. For essay questions and the case study questions in Case Study Examination, questions must be answered in English.
- 4.4. The Individual Written Report of the Case Study Examination must be submitted in English.

5. Conduct of Examination

- 5.1. **Examination invigilators:** Examination invigilators appointed by the Institute will ensure that the examinations are conducted in accordance with the stipulated guidelines and regulations.
- 5.2. **Attendance Notice:** Attendance Notices will be sent to candidates via email ONLY about two weeks before the examination. Candidates are required to print a new copy of Attendance Notice on a PLAIN A4 paper before each examination session. Candidates must produce their Attendance Notices in each examination session, along with their valid identification document, e.g. HK Identity Card or passport.
- 5.3. **Late arrivals:** Examinations will normally begin at 7:00 p.m. on Mondays to Fridays, and 10:00 a.m. on Saturdays (unless otherwise specified). Latecomers may be admitted during the first 30 minutes after the start of the examination, but extra time will not be given to compensate for any time lost.
- 5.4. **Personal belongings:** All bags, books and other personal belongings must be placed in a location as advised by the examination invigilator before the examination begins.
- 5.5. **Question papers:** The packets of question papers will be opened in the presence of candidates before the start of examination. Candidates can neither copy whole / part of the questions in any form nor take the question papers away after examination.
- 5.6. **Misconduct:** Candidates are not allowed to communicate with other candidates during the examination. It is also prohibited to communicate with third party outside the examination centre by using any electronic device. Invigilator has the right to expel candidates from the examination centre if their behaviors interfere with the proper conduct of examination. Any candidate who attempts to copy from another candidate's script or any other source will be disqualified.

3. Regulations

- 5.7. **Early departure:** Candidates cannot leave the examination centre during the first 45 minutes and the last 15 minutes of examination. Candidates who decide to leave early must notify the invigilator as quietly as possible, and the candidates will not be allowed to reenter the examination centre.
- 5.8. **Pocket calculators and other aids:** Candidates must use only silent and non-programmable calculators. Invigilators have the right to prohibit candidates from using any unauthorized calculators. No other aids, such as books, dictionaries, computers (e.g. notebook / Palm computer / Pocket PC), smartphones or smartwatches with calculator-related applications are permitted in the examinations.
- 5.9. **Rough workings:** Candidates must not use any paper other than the question paper for rough workings. Rough workings or notes should be ruled through to indicate they do not form part of the answer.
- 5.10. **End of examination:** Candidates must stop writing when instructed to do so by the invigilator.
- 5.11. **Answer sheets:** Candidates must not detach any part of their answer sheet, or remove their answer sheet, whether wholly or partly, from the examination room. No draft paper will be provided during the examination.
- 5.12. **Prohibited behaviours:** Smoking, eating and drinking are not allowed in the examination venue. All mobile phones, pagers, programmable / smart watches and other electronic devices must be switched off.

If any candidate infringes any of the above regulations for the conduct of the examinations, he/she will be reported to the Professional Standard and Examination Board of the Institute and will be liable to disciplinary actions, including disqualification.

6. Examination Results

- 6.1. **Issue of results:** Candidates will be notified of their results by post and only with written notice. Results will not be revealed by telephone, fax or any other electronic means. Results will be released normally within 2-4 weeks from the examination date for MC-type examination, and 6-8 weeks from the examination date of LAST SUBJECT in each examination diet for other type of examinations.
- 6.2. Candidates may check their examination results online through the HKIB online platform. Candidates will receive email notification once the examination results are available. The online examination results will be removed a month after they are released.
- 6.3. **Withholding of results:** Results will be withheld from candidates who have not paid in full any monies due or payable to the Institute, including but not limited to examination entry fees.

3. Regulations

- 6.4. The decision of the examiner is reviewed by the moderator and confirmed by Professional Standard and Examination Board before results are published.
- 6.5. Once a candidate has passed a subject, no further attainment will be recorded.

7. Examination Results Review

- 7.1. Candidates may request for rechecking or remarking of their examination scripts within ONE MONTH after the issue of examination results, by submitting a written request and administrative fee may be applied. Please contact the HKIB staff for details.
- 7.2. **Rechecking** is applicable to all examinations. Answer sheets are rechecked for technical errors such as incorrect mark entries.
- 7.3. **Remarking** is only applicable to the case study examinations and examinations that involve essay questions. Remarking is not applicable to MC questions. The answer scripts will first be checked for technical errors. Each script will then be remarked by an independent remarker. If the mark given by the remarker differs from the original mark and leads to a change in grade, the script will be remarked by a second remarker. Remarking is conducted by persons other than the original markers. The final mark of the examination is calculated by averaging out all valid marks given by the original markers and the remarker(s).
- 7.4. Regardless of the results of rechecking, candidates may not apply for remarking of a subject for which they have applied for rechecking.
- 7.5. HKIB charges an administration fee of HK\$500 per subject for rechecking and HK\$4000 per subject for remarking. All payments are non-transferrable and non-refundable. However, if the rechecking or remarking leads to a grade change, the fee will be refunded to the candidate concerned.
- 7.6. After the answer scripts have been rechecked or remarked, the results will be passed to Examination Team Head for review and approval. The decision of Examination Team Head is final.
- 7.7. Normally examination results will not be downgraded as a result of rechecking or remarking.
- 7.8. Candidates will be informed of their rechecking or remarking results by post and only with written notice within TWO MONTHS after receipt of the request.
- 7.9. Candidates will not be given a copy of their marked answer scripts.

3. Regulations

8. Typhoon and Black Rainstorm Signals on Date of Examination

- 8.1. If the typhoon signal No. 8 or above, or black rainstorm signal is hoisted or still in force at the following times, the below arrangements will apply accordingly:

Time	Periods cancelled
At or after 6am but before 10am	Examination(s) starts at or after 8am but before 1pm will be cancelled
At or after 10am but before 2pm	Examination(s) starts at or after 1pm but before 5pm will be cancelled.
At or after 2 pm	Examination(s) starts at or after 5pm will be cancelled.

- 8.2. If the typhoon signal No. 8 or above, or black rainstorm signal is hoisted or still in force while the examination is in progress, the examination will continue as scheduled.
- 8.3. In the event of bad weather on the day of examination, candidates should visit the HKIB website at www.hkib.org for the announcement of latest arrangements, and pay attention to the radio / television broadcast on the weather conditions.
- 8.4. If an examination is rescheduled, HKIB will notify candidates of the new examination date and time through email within 1 week of the original scheduled examination date. Under such circumstances, candidates are not required to re-register for the examination. Applications for refund and/or transfer of examination fee(s) will NOT be allowed.
- 8.5. HKIB reserves the right and absolute sole discretion to postpone, cancel and/or reschedule an examination.

B. Policy of Personal Data Protection

9. Policy of Personal Data Protection

- 9.1 Candidates are advised to read the Policy of Personal Data Protection in Appendix 1 to understand their rights and obligations in respect of the supply of personal data to HKIB and the ways in which HKIB may use or handle such data.

C. Exemption Regulations

10. Subject Exemption

- 10.1. For CB programmes, HKIB only accepts exemption application with recognised qualifications (i.e. pre-approved qualifications).

3. Regulations

- 10.2. Please contact HKIB staff for details on the list of pre-approved qualifications.
- 10.3. Exemption results will normally be given in writing within two months after the receipt of application and supporting documents. If further assessment is needed due to unexpected circumstances, separate notifications will be given. The decision of the Institute is final and cannot be appealed.
- 10.4. The core subject in Advanced Diploma for CB (i.e. Banking Services and Professional Ethics) cannot be exempted.
- 10.5. Subjects in the Postgraduate Diploma for CB cannot be exempted.
- 10.6. Candidates cannot exempt more than 50% of the programme syllabus. For example, since candidates are required to complete three subjects for Advanced Diploma for CB, only one subject can be exempted.
- 10.7. Exemption application should be made on the exemption form together with the following documents/items, failing to do so will delay the assessment:
 - appropriate fees (application fee and exemption fees)
 - copies of transcript and certificate
- 10.8. Documents submitted will not be returned regardless of the result of the application.
- 10.9. Unless otherwise specified, exemption applications based on partially attained qualification will not be accepted.
- 10.10. Exemption claims granted to student members will only be registered in the Institute's record upon the student members' graduation.
- 10.11. A candidate who has attempted but failed in a subject may subsequently claim exemption from that subject if he/she obtains a new/further qualification recognised for exemption purposes.
- 10.12. An exemption confirmation letter will be issued to candidates whose exemption applications are granted.
- 10.13. A candidate who has been exempted from a subject, but subsequently attempted that subject by examination, will have his/her exemption status overridden.

4. Syllabus

4.1 Advanced Diploma for Certified Banker

P.14

Core Subject

Banking Services and Professional Ethics

P.16

Elective Subjects (*select 2 out of 3*)

Financial Systems and Risk Management

P.21

Fundamentals of Accounting and Law in Banking

P.25

ECF Subject: Anti-Money Laundering and Counter-Terrorist Financing [AML/CFT]

P.30

4.1 Advanced Diploma for Certified Banker

Programme Objectives

This programme is developed with the objective to provide banking professionals with essential knowledge for multi business functions in the banking business. The subjects developed for the Advanced Diploma for Certified Banker aim to equip candidates with the core competence required under the Enhanced Competency Framework (ECF), the banking industry standard to be introduced by the Hong Kong Monetary Authority.

Programme Intended Learning Outcomes

Upon successful completion of this Programme, candidates should be able to:

1. Understand the financial system and market settings in order to identify skills and knowledge they should acquire to build their career in the banking industry.
2. Explain the wide range of generic knowledge and financial theories that are related to the banking settings in Hong Kong and the globe and the application to their jobs.
3. Apply advanced skills and professional knowledge on accounting, finance, law and regulations to daily job.
4. Identify the types of risks faced by financial institutions today and select suitable tactics to manage them; and
5. Identify the relevant ethical issues faced by financial institutions today and recommend suitable course of actions to handle them.



Core

Banking Services and Professional Ethics

Objective

This subject contributes to the achievement of the Programme Intended Learning Outcomes by providing candidates with a solid background and overview of the various facets of the banking service sectors, including its system structure, the codes, regulations and ordinances binding practitioners in this sector, the different operations and areas as well as the risk management aspects, etc.

Apart from the above areas, this subject also explores such major areas of professional ethics as the respective ethical aspects and issues faced by individuals and corporations today, and also its relevance in the context of corporate governance. Such element of professional ethical issues pertaining to the different facets of understanding is very essential to the current banking environment in Hong Kong and in the world.

With the knowledge base of this subject on ethical issues, candidates would be well-prepared to examine and analyse further issues when they proceed to study specialist subjects such as “Bank Lending”, “Treasury Markets and Operations”, “Operational Risk Management” in their advanced level of studies under the CB programme.

Learning Outcomes

Upon completion of this subject, candidates should be able to:

- evaluate the implications of regulatory framework which governs the operations of authorised financial institutions in Hong Kong;
- interpret and apply the banks’ guidelines which are applicable to the different aspects of banking services and operations in the banking services industry;
- explain the definitions of ethics in business and how the code of ethics is related to the day-to-day work of the banking professionals;
- identify the requirements of professional ethical roles in the banking services industry.

Assessment Method

- Examination: **100 Multiple Choice questions**
- Passing mark for this subject is **70%**
- Time allowed: **2.5 hours**

Core

Banking Services and Professional Ethics

Part I - Banking Services & Operations (50%)

A. An Overview of Banking Services			
1	History of Banking		
2	Banks as Financial Intermediaries		
3	Banking Systems	3.1 3.2 3.3 3.4 3.5 3.6 3.7	Basel Committee Banking System in USA Banking System in Mainland China Banking System in Hong Kong Islamic Banking International Monetary Fund (IMF), Chinese Reminbi (RMB) and Special Drawing Right (SDR) Recent development in Mainland China Market
4	Banking Regulation	4.1 4.2 4.3 4.4 4.5	Objectives and Tools of Banking Regulation Capital Adequacy Requirement Liquidity Requirement The Three Pillars in Basel II Guidelines Industry-led Regulation
B. Risk Management in Banking Services			
1	Types of Risk		
2	Characteristics of Risk	2.1 2.2 2.3 2.4 2.5 2.6 2.7 2.8	Credit risk Market risk Interest risk Liquidity risk Operational risk Reputation risk Legal risk Strategic risk
3	Sound Risk Management System	3.1 3.2 3.3 3.4	Active Board and senior management oversight, Risk Management Committee Policies, procedures and limit structure Risk measurement, monitoring and management reporting systems Internal controls and comprehensive audits
C. Retail and Corporate Banking Services			
1	General Bank / Branch Management	1.1 1.2 1.3 1.4 1.5	Board and management composition Organization structure and functional set-up Manned service: Customer Relationship Management vs Customer Service Online and electronic Banking Services
2	Retail Banking Services	2.1 2.2 2.3 2.4 2.5 2.6 2.7 2.8 2.9 2.10 2.11 2.12 2.13 2.14 2.15 2.16	Deposit Services: Local and Non-local currencies Wealth Management Services Insurance Products Mandatory Provident Fund Credit Card Residential Mortgage Loans Personal Lending Products Personal Renminbi Businesses Securities Dealing Margin Trading Facilities Retail Debt Securities Dealing Gold Bullion Dealing Structured Products Mandatory Provident Fund ("MPF") Services Real Estate Investment Trust (REIT) SME Lending

Core

Banking Services and Professional Ethics

3	Private Wealth Management Services		
4	Corporate and Commercial Banking Services	4.1	Bank Lending and Credit Analysis <ul style="list-style-type: none"> - Basic principles governing credit approval - Financial and cash flow analysis - Different type of loan collaterals
		4.2	Corporate Loan and Debt Market <ul style="list-style-type: none"> - Different types of corporate lending - Developments in the capital market
		4.3	Trade Finance <ul style="list-style-type: none"> - Methods of payment - Roles of banks in international trade finance - Different types of documentary credits - Types of import and export financing - Introduction to Uniform Customs and Practice for Documentary Credits (UCP600)
5.	Corporate Advisory and Risk Management Services	5.1	Corporate Advisory Services
		5.2	Corporate Risk Management Services <ul style="list-style-type: none"> - Financial Market Risk - Credit Risk - Asset Liability Management - Corporate Risk Management
		5.3	Financial Instruments: Derivatives Products <ul style="list-style-type: none"> - Options - Swaps

D. Treasury and Banking Operations

1	Bank Treasury Management	1.1	Asset Liability Management
		1.2	Treasury Operations
		1.3	Financial Markets <ul style="list-style-type: none"> - Capital Markets - Money Markets - Exchange Fund Bills, Notes and Repo - Interest Rate Markets - Currency Markets - Commodities Markets - Derivatives Markets - Investment Management
2	General Banking Operations	2.1	Operations in Retail Banking
		2.2	Operations in Corporate Banking
		2.3	Operations in Private Wealth Management
		2.4	Operations in Treasury

Core

Banking Services and Professional Ethics**Part II - Professional Ethics (50%)**

E. Introduction to Ethics and Social Responsibilities			
1	What is Ethics	1.1 1.2	Historical Background Approaches to normative ethics
2	Absolutism & Relativism	2.1 2.2	Advantages Disadvantages
3	Deontological & Teleological approach	3.1 3.2 3.3	Implications Benefits Limitations
4	Social & Environmental Responsibilities	4.1 4.2 4.3 4.4	Social & environmental issues facing modern business organizations Public perception & reputation risk Globalization Sustainability – environmental, economic & social perspectives
F. Ethics & the Corporation or Individuals			
1	Ethics & the Corporation	1.1 1.2 1.3 1.4 1.5 1.6 1.7	Corporate social responsibility Corporate accountability Ansoff-Business Objectives Stakeholder Theory Mendelow's Stakeholder Theory Consensus Theory Corporate Citizenship
2	Ethics & the Individual	2.1 2.2 2.3 2.4 2.5	What is a profession How it differs from other types of business activity Code of practice Code of Conduct Code of Banking Practice
G. Ethical Dilemma & Corporate Governance			
1	Ethical Dilemma & Conflict of Interest	1.1 1.2 1.3 1.4	Ethical dilemmas & their implications Conflict of Interest How to resolve dilemmas & conflicts in practice Putting Ethical decisions into Practice
2	Corporate Governance	2.1 2.2 2.3 2.4 2.5 2.6 2.7 2.8 2.9	Definition and History Stakeholders in corporate governance Ethical issues in corporate governance Composition of Board of Directors Assessment of Performance Remuneration Appointment and Removal of Directors Shareholders Right Annual general Meeting Reporting on Corporate Governance

Core

Banking Services and Professional Ethics

H. Business Ethics & Internal Control

1	Business Ethics	1.1 1.2 1.3 1.4 1.5 1.6 1.7	Law on Financial Services Consumer Protection Customer and Employee Privacy Suitability Obligations Anti-money Laundering Insider Trading Health & Safety at work
2	Code of Practice	2.1 2.2 2.3 2.4 2.5	Principles-based approach to corporate governance Reasons for the development of codes of practice Role of codes of practice at operational level Code of Banking Practice Employee Code of Conduct
3	Internal Control and Audit	3.1 3.2 3.3 3.4	Elements of Internal Control Systems Attributes of an Effective Control Environment Control Procedures Internal Audit and Risk Costs & Benefits of Internal Control

Essential Readings

1. ***Banking Service and Professional Ethics – Study Guide***

Further Readings

2. John R. Boatright. (2008). ***Ethics in Finance (2nd ed.)***. Wiley-Blackwell.



Elective

Financial Systems and Risk Management

Objective

This subject contributes to the achievement of the Programme Intended Learning Outcomes by providing candidates with a solid and rigorous introduction to the basic functions of financial systems and markets, as well as the roles of financial institutions within these systems. Candidates are expected to identify and analyze the types of risks that threaten the banking industry today and how these risks are managed at institution level. Topics covered in this subject such as the macro-level foundation knowledge serves as an important building block for candidates as they proceed further to the ultimate specialist level of subjects such as “Credit Risk Management” and “Operational Risk Management”.

Learning Outcomes

Upon completion of this subject, candidates should be able to:

3. distinguish the key differences in financial systems in major financial markets;
4. articulate the different roles performed by central banks and financial institutions and the risk issues faced by the banking industry nowadays;
5. understand the risk management process in the banking sector and relate the process in their day-to-day work;
6. explain the rationale for financial regulation and the compliance requirements in the financial system.

Assessment Method

7. Examination: **100 Multiple Choice questions**
8. Passing mark for this subject is **70%**
9. Time allowed: **2.5 hours**



Elective

Financial Systems and Risk Management

Part I - Financial Systems and Markets (50%)

A. Financial Systems			
1	Global Financial System	1.1 1.2 1.3 a 1.3 b 1.4 1.5 1.6 1.7 1.8 1.9 1.10 1.11	US Financial System UK & Euro Financial System China Financial System Financial market reform in China: (i) Interest Rate Liberalization (ii) Exchange Rates (iii) Financial Markets – QFII, QDII, RQFII Recent financial crises Role of hedge funds Reforms to international financial architecture Importance, nature and composition of international liquidity IMF activities World Bank, Bank for International Settlements, Financial Stability Forum Role of Central Bank
2	Hong Kong Financial System	2.1 2.2 2.3 2.4	Hong Kong dollar inter-bank market Hong Kong dollar interest rate structure, inter-bank liquidity arrangement HKMA and monetary policy (linked exchange rate system and money supply mechanism) Hong Kong Mortgage Corporation and Deposit Insurance

B. Financial Markets			
1	Hong Kong Financial Markets	1.1 1.2 1.3 1.4 1.5 1.6 1.7 1.8 a 1.8 b 1.9	Definition, classification, nature and importance of financial markets Financial instruments in money market Nature and functions of money and discount markets Roles of commercial banks in capital market Financial instruments in capital market Roles of capital market Derivatives market Development of debt market - Exchange Fund paper and corporate debt - Relationship between debt management and financial market Hong Kong Offshore RMB (CNH) market development for central clearing party (CCP) International and regional financial markets: HK, Europe, US, China



Elective

Financial Systems and Risk Management

C. Financial Institutions

1	Financial Institutions	1.1 1.2 1.3 1.4	Nature Roles Classification of financial institutions Distinctions between banks and non-bank financial institutions, such as funds managers and their relationship
2	Functions of Central Bank:	2.1 2.2 2.3 2.4 2.5 2.6	Monetary policy Banking supervision Reliability of payment system Lender of last resort Banker to government Issuer of currency

Part II - Risk Management in Banking (50%)

A. Introduction & Process of Managing Risk

1	Introduction to Risk Management	1.1 1.2 1.3	Definition of risks Concepts of risk financing, risk control, hedging and insurance The need for risk management
2	Process of Managing Different Risks	2.1 2.2 2.3 2.4 2.5	Identification of risk drivers Operational risk (include process risk, people risk and external risk) Financial risk for individuals Business and financial risk for corporate Agency risk

B. Requirement and Structuring of Risk Management

1	Regulatory and Corporate requirements	1.1 1.2 1.3 1.4 1.5 1.6	Inherent risks in banking activities Regulations of financial institutions Basel Committee on Banking Supervision Basel I, Basel II, Basel III Basel III and pertinent amendments to Basel II: - Capital, Risk coverage, liquidity, leverage ratio, systemic risk 1.6 Risk Based Supervisory Approach - HKMA supervisory policy manual - CAMEL rating system for banks
2	Structuring Risk Management Functions in Banks	2.1 2.2 2.3 a 2.3 b 2.4 2.5	Defining a sound risk management system Key elements of prudent risk management framework Risk appetite and Use of risk capital Capital calculation case examples – market, credit and operation risk Application for risk adjusted return on capital General risk management controls (HKMA Supervisory Policy)



Elective

Financial Systems and Risk Management

Essential Readings

1. **Financial Systems and Risk Management – Study Guide**

Supplementary Readings

2. David S. Kidwell, David W. Blackwell, David A. Whidbee and Richard L. Peterson. (2011). ***Financial Institutions, Markets and Money (11th ed.)***. John Wiley & Sons.
3. HKMA Supervisory Policy Manual IC-1: General Risk Management Controls
4. HKMA Supervisory Policy Manual SA-1: Risk-based Supervisory Approach
5. HKMA Supervisory Policy Manual OR-1: Operational Risk Management
6. HKMA Background Brief No. 1 – Hong Kong's Linked Exchange Rate system
7. HKMA Background Brief No. 2 – Banking Supervision in Hong Kong (second edition) issued by the HKMA
8. HKMA Background Brief No. 4 – Financial Infrastructure in Hong Kong
9. HKMA's Guidelines and Circulars to all authorized institutions in Hong Kong: Implementation of Basel III in Hong Kong (dated 26 January 2011)

Further Readings

10. John Hull. (2012). ***Risk Management and Financial Institutions (3rd ed.)***. Wiley.
11. HKMA Supervisory Policy Manual CA-G-1: Overview of Capital Adequacy Regime for Locally Incorporated Authorized Institutions
12. Basel III: A global regulatory framework for more resilient banks and banking systems – revised version June 2011 (issued by Basel Committee on Banking Supervision)



Elective

Fundamentals of Accounting and Law in Banking

Objective

This subject contributes to the achievement of the Programme Intended Learning Outcomes by enabling candidates to an understanding on the general principles of basic accounting and legal concepts related to banking and finance. This is an introductory subject that serves to equip candidates with the fundamental but essential knowledge on the two professional areas such that candidates would be well-prepared to examine and analyze further issues in these two areas when they proceed to study specialist subject such as “Banking Law and Practice” in their advanced level of studies under the CB programme.

Learning Outcomes

Upon completion of this subject, candidates should be able to:

- select the right course of actions based on understanding on the wide range of legal principles and concepts applicable to banking practices;
- handle different transactions of negotiable instruments independently based on understanding of the laws related to negotiable instruments in relation to their documentation and legal aspects;
- review the regulatory framework and identify relevant regulations and policy applicable to an individual unit or segment in the banking industry;
- employ the concepts and accounting principles in financial reporting which relate to different areas of work;
- explain concepts in corporate financial accounting which are relevant to corporate banking and investments;
- employ the wide range of key accounting concepts and principles essential to the world of banking areas in an appropriate manner.

Assessment Method

- Examination: **100 Multiple Choice questions**
- Passing mark for this subject is **70%**
- Time allowed: **2.5 hours**

Elective

Fundamentals of Accounting and Law in Banking**Part I - Law and Regulations in Banking (50%)**

A. Basic Law Principles			
1	Law Practice in Hong Kong	1.1	Common Law
2	Law of Contract	2.1	The nature of a contract
		2.2	Formation, contents and vitiating elements
		2.3	Performance and discharge
		2.4	Termination and remedies in relation to banking
3	Trust Law		
4	Competition Law		

B. Negotiable Instruments			
1	Cheque	1.1	Characteristics of a cheque
		1.2	Relationship to bills of exchange
		1.3	Classification of cheques, indorsement
		1.4	Liability of parties, holder for value, holder in due course
		1.5	Crossings, statutory protection of paying/collecting bankers
		1.6	Discharge of liabilities
		1.7	Bills of Exchange Ordinance
2	Collection of Cheque	2.1	The Hong Kong clearing system
		2.2	Collecting banker's duties
		2.3	Bank as holder for value
		2.4	Claims by third parties against collecting bankers
		2.5	Defence for collecting banks
3	Payment of Cheque	3.1	Paying banker's duties
		3.2	Claims by third parties against paying bankers
		3.3	Statutory protection of paying banker

C. Regulatory Framework in Banking and Financial Markets			
1	Regulatory Framework	1.1	Purposes and cause of regulation
		1.2	Role of the HKMA
		1.3	Relationship between regulations and governmental policy
		1.4	Regulatory environment of prudential controls on liquidity and capital adequacy.
2	Major statutory and regulatory issues	2.1	Banking Ordinance
		2.2	Securities and Futures Commission Ordinance (notably the licence or registration and administrations)
		2.3	Insurance Authority
		2.4	Supervisory regime - (Basel) International standards
		2.5	Codes of Conduct and Banking Practices
3	Banking Compliance	3.1	Anti-Money Laundering
		3.2	Personal Data Privacy
		3.3	Customer credit data – commercial and personal

Elective

Fundamentals of Accounting and Law in Banking

Part II - Accounting Principles in Banking (50%)

A. Financial Reporting			
1	Essentials in Financial Reporting	1.1 1.2 1.3	Framework for the preparation of financial statements Practical application of Hong Kong Financial Reporting Standards (HKFRS) issued by the Hong Kong Institute of Certified Public Accountants Practical application of Hong Kong Accounting Standards (HKAS) issued by the Hong Kong Institute of Certified Public Accountants
2	Understanding of company (including group company) financial statements	2.1 2.2 2.3 2.4 2.5	Balance sheets Income statements Statements of changes in equity Cash flow statements Consolidated financial statement <ul style="list-style-type: none"> - Principles of consolidation - Accounting for subsidiaries - Investments in associates - Interests in joint ventures - Business combinations

B. Interpretation of Financial Results			
1	Objectives of financial statement analysis	1.1 1.2	Financial statement analysis and investment decision Relation between expected return and risk of investment
2	Fundamental analysis	2.1 2.2 2.3 2.4	Profitability Risk Effective interpretation of results of analysis of profitability and risk Risk and Return – calculation <ul style="list-style-type: none"> - Definition of risk - Probability distributions - Expected rate of return - Measuring stand-alone risk: coefficient of variation - Risk aversion and required returns - Portfolio returns
3	Disaggregating accounting ratios	3.1 3.2 3.3	Return on assets as a measure of operating profitability Return on shareholders' equity as a measure of profitability that incorporates a mix of financing ratios Usefulness and limitation of ratio analysis

Elective

Fundamentals of Accounting and Law in Banking

C. Valuation

1	Value of a firm	1.1 1.2 1.3 1.4 1.5	Present value of expected future cash flow Net Asset/Net Worth approach Fundamental analysis of financial statement based information - Net assets - Earnings Goodwill and fair values Value of Fixed Income Securities - Basic features of a fixed-income security - Content of a bond indenture - A bond's price given a market discount rate - Relationship among a bond's price, coupon rate, maturity and market discount rate (yield-to-maturity) - Duration
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D. Accounting for Planning & Budgeting

1	Planning decisions	1.1 1.2	Make or buy Cost/volume/profit analysis
2	Budgeting and evaluating performance	2.1 2.2	Basics of standard costing Variance analysis

E. Capital Expenditure Analysis & Performance Measures

1	Capital expenditure analysis	1.1 1.2	Capital budgeting: investment and financing decisions Discounted cash flow
2	Divisional performance measures and incentives	2.1 2.2 2.3 2.4	Return on investment Residual income Incentives and controls Balance score card

Essential Readings

1. Fundamentals of Accounting and Law in Banking – Study Guide

Supplementary

- Chan Bo-ching Simon. (2000). *Hong Kong Banking Law and Practice (Vol.1)*. The Hong Kong Institute of Bankers.
- C.T. Horngren. (2012). *Introduction to Management Accounting. (16th ed.)*. Pearson.
- Mark Hsiao. (2013). *Principles of Hong Kong Banking Law*. Sweet & Maxwell.
- Ross, Westerfield & Jordan. (2015). *Corporate Finance. (11th ed.)*. McGraw Hill.
- Thomas Edmonds, Christopher Edmonds, Frances McNair and Philip Olds. (2015). *Fundamental Financial Accounting Concepts (9th ed.)*. McGraw Hill.
- W.F. Hui & P. H. Ng. (2012). *Accounting in Hong Kong – Regulatory Framework and Advance Accounting Practice*. Scope, City University of Hong Kong.

Elective

Fundamentals of Accounting and Law in Banking**Further Readings**

8. Claire Wilson. (2016). *Banking Law and Practice in Hong Kong*. Sweet & Maxwell.
9. Scott McCleskey. (2010). *When Free Markets Fail: Saving the Market When It Can't Save Itself (1st ed.)*. Wiley.

Elective

ECF in Anti-Money Laundering and Counter-Terrorist Financing [AML/CFT]

Please also refer to the Handbook on ECF in Anti-Money Laundering and Counter-Terrorist Financing [AML/CFT] for details.

4.2 Professional Diploma in Certified Banker

P.31

Elective Subjects (*select 2 out of 4*)

Business and People Management

P.33

Corporate Finance Services

P.36

Finance of International Trade

P.39

Management of Information Systems in Banking

P.44

4.2 Professional Diploma in Certified Banker

Programme Objectives

In response to the talent development needs of the industry, HKIB provides the Professional Diploma for Certified Banker programme. There are two main objectives of the current Professional Diploma programme:

Generalist Knowledge

The programme is developed with the objective of providing participants with generalist knowledge across different major areas of banking in order to be capable of discerning the intricacies between different operations. This is important for developing a comprehensive evaluation of impacts and risks on its own management regime and paves the way for taking up managerial positions in banks.

Evaluative Skills

Besides generalist knowledge, management of a bank also requires cognitive skills to evaluate and integrate information in a banking context. Hence, one can apply the learned skills on other disciplines in banking to his/her own regime and pave the way for the “Professional Diploma for Certified Banker” which participants will be developed into a specialist in a particular discipline of banking. As a result, HKIB launched the Professional Diploma for Certified Banker to offer a learning opportunity for banking practitioners to become a generalist.

Programme Intended Learning Outcomes

Upon successful completion of the programme, candidates should be able to:

1. **Knowledge Evaluation** – Evaluate and integrate key theories / knowledge in a major discipline of banking in order to design strategies for achieving the business goals and objectives.
2. **Information Analysis** – Analyse information provided from bank’s customers, different banking units or other sources in order to assess and identify critical issues for successful implementation of the strategies (e.g. inherent risks, changes in the banking environment, and needs of different stakeholders, etc.).
3. **Management Application** – Manage execution and exceptional issues during the implementation of the bank’s strategies by developing a solution / management plan after appraising the situations, potential risks and the changing banking environment, etc.

Prerequisite

- Completion of Advanced Diploma for Certified Banker



Elective

Business and People Management

Objective

This subject contributes to the achievement of the Programme Intended Learning Outcomes by offering candidates a unique position and perspective to examine important issues in a business and in an organisation. This subject encompasses business planning, strategic corporate management issues as well as the people element in a business and organization. The various approach to analyze issues linked with people and business management by use of technological aids would enable candidates meet other programme outcomes.

Learning Outcomes

Upon completion of this subject, candidates should be able to:

- compare and contrast the different components of the business planning process;
- evaluate how the process is critically applied in formulating business plans and corporate strategies;
- analyse the personal attributes of a leader and identify the prerequisites for development of leadership;
- manage team management issues by applying the most appropriate approach after appraising the particular situation.

Assessment Method

- Examination: **Part I - 50-60 Multiple Choice questions**
Part II - Essay type questions: 2 out of 3 questions from Part A & B
1 out of 2 questions from Part C & D
- Passing mark for this subject is **60%**.
- Time allowed: **Three hours**.

Elective

Business and People Management

A. Business Organization and Management			
1	The management process	1.1 1.2 1.3 1.4 1.5 1.6 1.7	Working in contemporary organizations Organizational culture and diversity Internal environmental issues and culture External environmental issues and competitive forces The purpose of the business plan The elements of a typical business plan Ethical behaviour and social responsibility
2	Managing and developing human resources	2.1 2.2 2.3 2.4 2.5 2.6	Foundations of human behaviour Motivation theory and practice Financial and non-financial methods of motivation Measuring the effectiveness of the workforce Training and appraising the workforce Workforce planning
3	Communication	3.1 3.2 3.3 3.4 3.5 3.6	The communication process Improving communication Causes of conflict and conflict resolution Formal and informal communication The nature and benefits of different communication media, including 'information and communications technology' (ICT) Understanding and overcoming the barriers to communication
4	Implementing and managing change	4.1 4.2 4.3	Understanding the causes and effects of change Understanding and dealing with resistance to change Implementing and evaluating the change process
5	Strategic Management	5.1 5.2 5.3 5.4	The strategic management process Strategic analysis Corporate-level and business-level strategy formulation Strategy implementation
B. Marketing			
1	Marketing	1.1 1.2 1.3 1.4 1.5 1.6 1.7 1.8 1.9	Understanding the marketing concept The nature and benefits of marketing research The nature and benefits of market segmentation Understanding the nature and use of the marketing mix (4Ps and 7Ps) Understanding the nature and significance of the product life cycle - Conducting a product portfolio analysis Analysing the different marketing environments Assessing the competition and the key competitive forces Marketing planning and objective setting Developing and implementing appropriate marketing strategies

Elective

Business and People Management**C. Leadership**

1	Leadership	1.1	The nature of leadership
		1.2	The characteristics of leaders
		1.3	Developing an appropriate leadership style and approach
		1.4	Understanding the different types of groups and teams
		1.5	Understanding the stages of group development
		1.6	Understanding the different roles of individuals within a team
		1.7	Recognising the nature and importance of team building
		1.8	Understanding the role of leadership in managing change

D. Team Management

1	Team Management	1.1	The nature and functions of management
		1.2	Essential managerial skills and competencies
		1.3	The decision-making process
		1.4	Fundamentals of planning
		1.5	Types of plans and planning tools
		1.6	Fundamentals of organizing
		1.7	Organization structures
		1.8	Fundamentals of control
		1.9	The control process and control tools and techniques

Essential Readings

1. John R. Schermerhorn, Jr. (2010). *Introduction to Management (12th ed.)*. John Wiley & Sons, Inc.
2. Dave Hall, Rob Jones, Carlo Raffo and Alain Anderton. (2008). *Business Studies (4th ed.)*. Pearson Education.

Further Readings

3. Michael A. Hitt. (2010). *Organizational Behavior (3rd ed.)*. Wiley.



Elective

Corporate Finance Services

Objective

Corporate finance bankers nowadays may also act as advisors to provide specific corporate finance applications, by helping corporations analyze their financing needs and to recommend tailored-made solutions. This subject contributes to the achievement of the Programme Intended Learning Outcomes by drawing candidates' attention to the market segments where the financing needs of corporate borrowers are identified, before applying their knowledge to discuss the different financing alternatives for customers under different situations. Together with the considerations for risk management options in the corporate financing market, the topics covered in this subject serve to equip candidates with the necessary techniques for the next stage of studies under the CB programme, such as "Bank Lending", "Credit Risk Management", "Treasury Markets and Operations".

Learning Outcomes

Upon completion of this subject, candidates should be able to:

- plan and design an appropriate package of credit solutions and capital-raising strategies to meet the domestic or international financing needs of customers in different markets;
- identify and assess the risks involved in corporate financing transactions to both the borrower and the financier;
- consolidate the risk issues in corporate finance and construct strategies to deal with the issues for discussion with peers of all levels.

Assessment Method

- Examination: **50-60 Multiple Choice questions and TWO Essay questions out of THREE**
- Passing mark for this subject is **60%**.
- Time allowed: **Three hours**.

Elective

Corporate Finance Services

A. Sources and Types of Finance for Corporations			
1	Corporate Lending	1.1	Term loans; syndicated loans; and leveraged leasing; standby facilities, revolving credits and note issuance facilities.
		1.2	Choice of debt market (e.g. euro-dollar market, domestic market).
		1.3	Lending policy and procedure (e.g. credit analysis, loan review).
2	Debt financing	2.1	Alternatives to bank finance including bonds, foreign bonds; euronotes; commercial paper, and Medium Term Note (MTN) facilities,.
		2.2	Bond issuing (e.g. bond price, bond covenants, call provision)
		2.3	Bond rating
		2.4	Convertible bonds
		2.5	Leasing
		2.6	Mortgage backed securities, CMOs and CDOs
		2.7	Developments in the Hong Kong bond market.
3	Equity financing	3.1	Features of common stock; preferred stocks; ETFs; convertible securities and warrants, and ADRs.
		3.2	IPO and Costs & benefits of new issues
		3.3	Methods of listing; offer for subscription; offer for sale; open offer; and rights issues.
		3.4	The private equity market
		3.5	Developments in Hong Kong and characteristics of the Hong Kong equity market: e.g. "H" shares and over subscription problems
4	Financing special transactions or projects	4.1	Project finance - limited recourse; impact on borrower's and project sponsor's balance sheet;
		4.2	Advantages of borrowing on project terms.

B. Sources and Types of Risks for Financial Management in Banks			
1	Cross-Border Risks	1.1	Use and parameters for country risk analysis
		1.2	Cross border lending risks, e.g. exchange control; regulatory and tax considerations, etc.
2	Corporate Treasury Management	2.1	Currency and interest rate risk and exposure management;
		2.2	Understanding of currency swaps; interest rate swaps; asset swaps; financial futures; forward contracts; options; negotiable instruments
3	Credit Risk Management in Bank Lending	3.1	Credit derivatives and its limitations (documentation, counterparty issues, etc.) for the management of risk.

Elective

Corporate Finance Services

Essential Readings

1. Ross, Lim, Tan & Wong. (2015). ***Corporate Finance (Asia Global ed.)***. McGraw-Hill.

Supplementary Readings

2. Pascal Quiry, Yann Le Fur, Antonio Salvi and Maurizio Dallochio. (2011). ***Frequently Asked Questions in Corporate Finance (1st ed.)***. Wiley.
3. Barbara Weber, Hans Wilhelm Alfen (2010). ***Infrastructure as an Asset Class: Investment Strategies, Project Finance and PPP***. Wiley.

Further Readings

4. Saunders and Cornett. (2006). ***Financial Institutions Management: A Risk Management Approach (7th ed.)***. McGraw-Hill.
5. McKinsey & Company Inc., Tim Koller, Richard Dobbs and Bill Huyett. (2010). ***Value: The Four Cornerstones of Corporate Finance (1st ed.)***. Wiley.



Elective

Finance of International Trade

Objective

This subject contributes to the achievement of the Programme Intended Learning Outcomes by providing candidates a very important background on the international trade environment today, in which not only importing and exporting corporations operate alone but also financiers aid to offer their package of financing solutions. Leveraging on the above essential knowledge on the settings, candidates would extend their analytical skills to the more technical side of international trade financing activities. Candidates would also explore and assess other areas of import/export trade such as trade promotions and support programmes, and also the related risks involved in international trade-financing, in order to achieve a complete discussion of this specialist banking area.

Learning Outcomes

Upon completion of this subject, candidates should be able to:

- Attain enhancement of specialised knowledge in international trade terms and internationally accepted code of practice which serve as a solid ground of communications with a range of audiences including international trade finance customers, peers and internal operation units within banks;
- Analyse critically the financing needs of trade borrowers and design tailored-made financing solutions to meet clients' needs;
- Diagnose the key risk issues in trade financing transactions and mitigate the risks involved.

Assessment Method

- Examination: **50-60 Multiple Choice questions and TWO Essay questions out of THREE**
- Passing mark for this subject is **60%**.
- Time allowed: **Three hours**.

Elective

Finance of International Trade

A. Introduction to International Trade Finance			
1	What is International Trade Finance?	1.1 1.2 1.3 1.4 1.5	Meaning and importance of international trade finance; Types of customers in Hong Kong and abroad; their needs and the opportunities for banks and other bodies that these present; Various roles of banks in facilitating international trade; growth of world trade and changes in its commodity and geographical composition; Importance of services in international trade; Basic understanding of logistic management and trade finance; non-bank trade service providers, e.g. Bolero (Bolero.net), Tradecard (Tradecard.com), upscapital.com
B. International Trading Practice			
1	Methods of Payment in International Trade	1.1	Collection; documentary credit; advanced payment; counter trade; barter/compensation trade; bilateral payment agreement/arrangement and forfaiting
2	International Payment, Settlement and Clearing Systems	2.1 2.2 2.3 2.4	Payment settlement and clearing; cheques, drafts, mail and telegraphic payment orders (including express money transfers); SWIFT; nostro and vostro accounts and procedures (in general terms); general concept and procedures of Real Time Gross Settlement (RTGS) Electronic banking services including payment and credit cards, giro transfers and means of making regular payments Payment and collection services available from correspondent banks abroad Settlement in Foreign Currencies (Rates of exchange; factors affecting the movement of rates; protection against exchange risks; mechanics of forward contracts)
3	Commercial and Shipping Terms Used in International Trade	3.1 3.2	Common shipping terms and meaning Purpose of the relevant Incoterms; risks and responsibilities of the parties involved, Incoterms 2010 (ICC Publication 715)
4	Documents Used in International Trade	4.1 4.2 4.3	Types and uses of bills of exchange; features and functions of basic, shipping, transport and insurance documents; Control and transfer of ownership of goods and insurance; Implications of Electronic Data Interchange (EDI) on international trade

Elective

Finance of International Trade**C. Documentary Collections & Documentary Credits**

1	Documentary Collections	1.1 1.2 1.3	Collection of cheques and bills of exchange, both clean and documentary. Terminology and procedures. Actions to be taken in the event of dishonour; protection of goods; avalisation of inward bills. A detailed knowledge of Uniform Rules for Collections ICC publication 522 and the relevant features of Bills of Exchange Ordinance
2	Documentary Credits	2.1 2.2 2.3 2.4 2.5	Main types of documentary letters of credit and their documentary requirements and procedures namely, opening, advising, confirmation, negotiation, payment and reimbursement; Liabilities and responsibilities of the parties; Examination of documents and treatment of discrepancies. Uses of credits including acceptance/deferred payment credits, red clause letters of credit, revolving credits, standby credits, transferable and back-to-back credits. A detailed knowledge of Uniform Customs and Practice for Documentary Credits UCP600 and Uniform Rules for Bank-to-Bank Reimbursements under Documentary Credit, ICC publication 725, International Standby Practice ISP 98, ISBP and eUCP

Elective

Finance of International Trade

D. Trade Finance Services and Trade Related Risk			
1	Import and Export Finance	1.1 1.2 1.3	<p>1.1 Import financing, including produce/ merchandise advances against security of goods and trust receipt.</p> <p>1.2 Export financing, including purchasing, negotiating, accepting and discounting bills under documentary credits or documentary collections; packing loan; factoring; invoice discounting; advance under ECIC policies; banker's acceptance.</p> <p>1.3 Risks involved in granting trade finance facilities to importers and exporters. Difference between foreign L/C and local L/C.</p>
2	Trade Promotion and Supporting Services	2.1 2.2 2.3 2.4 2.5	<p>2.1 Trade promotion services from banks, official and semi-official bodies (e.g. Trade and Industry Department, Trade Development Council, Export Credit Insurance Corporation, Chambers of Commerce) to develop trade and investment</p> <p>2.2 Letters of introduction; sources of information/advice; using correspondent banks including status reports, economic conditions, entry to overseas markets.</p> <p>2.3 Types and procedures of bank guarantees and bonds in facilitating international trade; risks and responsibilities of issuers; ways to minimize risks; Uniform Rules for Demand Guarantees, etc</p> <p>2.4 Other government involvement in export credit arrangement; need for export credit; export promotion schemes and facilities in other countries such as UK – ECGD and other EC countries, USA – EXIM bank, China – Import- Export Bank (general basic understanding).</p> <p>2.5 WTO and GATT and other agencies involved in international trade.</p>
3	Trade Fraud	3.1 3.2 3.3 3.4 3.5	<p>3.1 Types of trade fraud</p> <p>3.2 Fake goods</p> <p>3.3 Forged documents</p> <p>3.4 Money laundering</p> <p>3.5 Prevention measures</p>
4	Risk and Risk Management in International Trade	4.1 4.2 4.3 4.4	<p>4.1 Types of risk: political and economic risk, credit risk, performance risk, documentary risk, foreign exchange risk, transfer risk, interest rate risk</p> <p>4.2 Fraud</p> <p>4.3 Risk Management, including protection against above risks</p> <p>4.4 Rules and regulations governing fraud and money laundering</p>

Elective

Finance of International Trade

Essential Readings

1. Luk Kwai Wing. (2011). *International Trade Finance: A Practical Guide (2nd ed.)*. City University of HongKong.

Supplementary Readings

2. Paul Cowdell & Derek Hyde. (2004). *Finance of International Trade (8th ed.)*. Financial World Publishing.
3. ICC Guide to Incoterms 2010. (2010). ICC Publication 715. International Chamber of Commerce.
4. ICC Guide to the eUCP. ICC Publication 639. International Chamber of Commerce.

Further Readings

5. ICC Uniform Customs and Practice for Documentary Credits. ICC Publication 600 + eUCP. International Chamber of Commerce.
6. ICC Uniform Rules for Bank-to-Bank Reimbursements - A Commentary. ICC Publication 725. International Chamber of Commerce.
7. ICC Uniform Rules for Collections. ICC Publication 522. International Chamber of Commerce.
8. ISBP - International Standard Banking Practice for Examination of L/C. ICC Publication 745. International Chamber of Commerce.
9. ISP 98 - International Standby Practice - The Commentary. ICC Publication 947. International Chamber of Commerce.
10. ISP 98 - International Standby Practice - The Rules. ICC Publication 590. International Chamber of Commerce.



Elective

Management of Information Systems in Banking

Objective

This subject contributes to the achievement of Programme Intended Learning Outcomes by offering candidates a technical platform in understanding information systems, and its application in the financial services industry. The framework of analysis on information systems and technology covered in this subject would supplement candidates' financial knowledge from management perspective and prepare them for specialist subjects of the next stage such as "Operational Risk Management".

Learning Outcomes

Upon completion of this subject, candidates should be able to:

- evaluate the changing roles and functions of information systems in a banking organisation;
- integrate the wide range of key principles of information security for formulating suitable strategies;
- assess market trends of information technology development to determine resources deployed to supporting its services;
- evaluate the benefits and feasibility of applying information technology in different managerial aspects to improve the effectiveness and efficiency of financial institutions.

Assessment Method

- Examination: **50-60 Multiple Choice questions and TWO Essay questions out of THREE**
- Passing mark for this subject is **60%**.
- Time allowed: **Three hours**.

Elective

Management of Information Systems in Banking

A. Information Systems in the Organization			
1	Importance of Information System	1.1	The importance of information systems in business, and in particular the financial services industry and its effect upon the organization and the people who work in it. You should be able to quote examples of information systems applications in the financial services industry to support any assertions made
2	Information Systems in various functional areas	2.1	Business <ul style="list-style-type: none"> - The effect of information systems on the type of business carried out and the response of the business to opportunities and competition
		2.2	Employees <ul style="list-style-type: none"> - The effects of information systems on employees and their working environment; - Impact on employment patterns and on individual clerical and management functions.
		2.3	Management <ul style="list-style-type: none"> - The application of systems to support management effectiveness and decision-making. - Management of change as a result of implementing new systems. - Achieving the business benefits from information systems
		2.4	Training <ul style="list-style-type: none"> - The importance of training in the effective use of IS and the dangers of inadequate training
		2.5	Strategic Issues <ul style="list-style-type: none"> - Business planning and the importance of a coherent IS policy; - Evaluation and achievement of benefits of implementing information systems. - The use of IS in achieving competitive advantage: EDI (Electronic Data Interchange), EFT (Electronic Funds Transfer), EC (Electronic Commerce), TBS (Telephone Banking System), CRM (Customer Relationship Management) System etc.

Elective

Management of Information Systems in Banking

B. Information Security			
1	Importance of Information Security	1.1	The reasons for securing data and the general principles which apply when assessing risks and determining what security measures need to be taken
		1.2	IT Security Policy
2	Elements of Information Security	2.1	Confidentiality <ul style="list-style-type: none"> - The classification of data, types of exposure, associated risks and methods of reducing or eliminating the risk.
		2.2	Availability <ul style="list-style-type: none"> - Maintaining computer system availability, assessment of the level of contingency and recovery required. Disaster recovery - Business Continuity Planning and Business Impact Analysis
		2.3	Integrity <ul style="list-style-type: none"> - Protecting system and data integrity from: <ul style="list-style-type: none"> Internal threats: software and hardware failures, data corruption during input, processing or transmission. External threats: outsourcing, accidental or deliberate misuse, hacking
C. Management of Information Systems			
1	General IT processing and topology concepts	1.1	Commercial application of systems used in banking services and products, e.g. telephone banking, internet banking, debit/credit card, options bank book, home banking (e.g. HSBCOne) and smart card (e.g. Octopus, Visa cash), etc.
2	Data Resource Management	2.1	The role of data management in business information systems and its contribution to organizational performance
		2.2	Ways to develop an effective conceptual data models based on a set of business requirements
		2.3	Importance of the development of user-friendly database application programme
3	IT Service Management	3.1	The major operations and information flow of the Retail Banking, Corporate & Commercial Banking and Treasury
		3.2	The roles of information systems for the different operations
		3.3	Application of information systems concepts to support and manage various functions
		3.4	Datamining
		3.5	Database marketing

Elective

Management of Information Systems in Banking

4	System Development Lifecycle & Quality	4.1 4.2 4.3 4.4	Development and maintenance of systems, with emphasis on those steps where users are most heavily involved, including post-implementation reviews Business re-engineering: use of process mapping in the understanding and analysis of improving delivery of products and services, use of IS to re-engineer rather than just automate manual processes. User involvement: use of techniques such as joint application design and prototyping. Quality: measurement of quality in systems design and implementation
5	Change Management	5.1 5.2	The definition of a project and its management, including an understanding of tools used to control projects, such as Gantt charts and network analysis Concepts underlying the transformation of business processes with an emphasis on reengineering the supply chain, explains the enabling role of information technology (IT), and demonstrates the application of different tools to the redesign of business processes

Essential Readings

1. Marakas, G.M. and O' Brien, J. (2008). ***Introduction to Information Systems (16th ed.)***. Irwin/McGraw-Hill.

Supplementary Readings

2. Efraim Turban and Linda Volonino. (2011). ***Information Technology Management (8th ed.)***. Wiley.

Further Readings

3. Chaffey D. and Wood S. (2010). ***Business Information Management – Improving performance using information systems (2nd ed.)***. Prentice Hall.

4.3 Postgraduate Diploma**P.48****Postgraduate Diploma in Credit Management for Certified Banker**

Bank Lending	P.51
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Credit Risk Management	P.55
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Case Study Examination	P.76
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Postgraduate Diploma in Treasury Management for Certified Banker

Bank Asset and Liability Management	P.58
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Treasury Markets and Operations	P.61
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Case Study Examination	P.76
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Postgraduate Diploma in Operations Management for Certified Banker

Banking Law and Practice	P.66
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Operational Risk Management	P.70
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Case Study Examination	P.76
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4.3 Postgraduate Diploma

Programme Objectives

This programme aims to provide banking professionals with expert knowledge and develop skill set required for managerial positions in major functional areas i.e. Credit Management, Treasury Management and Operations Management. As the programme was developed with the objective of nurturing talents for the banking profession, participants would be required to apply their cross-discipline general banking knowledge in the specific functional stream they choose. HKIB, as the programme developer will continuously update the existing modules and specific functional streams as the banking industry needs.

Programme Intended Learning Outcomes

Upon complete of the programme, candidates should be able to:

1. **Develop the Strategies** - Consolidate and compare the wide range of complex concepts, models and specialised skills in the discipline in order to evaluate the applicability of different approaches and formulate a set of coherent business strategies to meet with the current and future business needs.
2. **Manage the Implementation** - Compare and select the right research framework and tools to evaluate and anticipate the development in regulatory, economic, social and/or technological environment relevant to the banking industry in order to draw justified conclusions when making decision on the complex tasks of planning, design and/or management functions in the specialised discipline.
3. **Solve the Problems** - Formulate solutions or creative responses to tackle challenges, risks or changing environment by employing advanced business analysis and diagnostic skills to identify the implications and need for changes.

Prerequisite

- Completion of Professional Diploma for Certified Banker

Postgraduate Diploma

Postgraduate Diploma in Credit Management for Certified Banker

- Bank Lending**
- Credit Risk Management**

Subjects under this stream of specialist studies are designed to consolidate and build on previous studies of some topic areas that candidates need to assimilate successfully in order to progress through the programme. They encourage candidates to draw together, think across and understand the links among a broad range of knowledge areas critical to both the front office and the middle office of credit management.

Postgraduate Diploma in Treasury Management for Certified Banker

- Bank Asset and Liability Management**
- Treasury Markets and Operations**

Serving the same purpose as the other specialist studies, subjects under Treasury Management mark a high level achievement for candidates who demonstrate a strong personal commitment to professional development. The learning experiences would allow candidates to make use of their quantitative and technical knowledge learnt previously to discuss and analyze internal treasury functions from the perspectives of bank management.

Postgraduate Diploma in Operations Management for Certified Banker

- Banking Law and Practice**
- Operational Risk Management**

Through combining professional knowledge with practical experience, the specialist stream of Operations Management enables candidates to develop critical, contextualised understandings of the issues, challenges and opportunities offered to bank operations and management worldwide, thereby enhancing candidates' competency as a specialist in this area.

Note: Candidates may pursue more than one specialist streams, but it is recommended to complete the specialist stream one at a time.



Specialist

Bank Lending

Objective

This subject contributes to the achievement of the knowledge and skills embedded in the Programme Intended Learning Outcomes by bringing candidates to discuss the entire knowledge of the lending regime. One of the focal objectives is to examine the requirements of business customers such that candidates are led to i) discuss how to match those needs by structuring the best appropriate loan facility for their customers; and ii) to manage the lending risks involved by designing appropriate loan provisions and adopting other administration strategies.

A further mission of the subject is to strengthen candidates' analytical skills by extending critical thinking when applying accounting and financial knowledge in the practice of lending, particularly assessing borrowers' financial position during and after a lending decision is made.

Learning Outcomes

Upon completion of this subject, candidates should be able to:

- evaluate critically the major differences of lending to personal customers and to business borrowers by utilizing professional knowledge in cross disciplines;
- conduct in-depth credit analysis by discretionally utilising financial information and undertaking non-financial research to assess the customer's creditworthiness;
- formulate a credible business propositions with an appropriate credit facility after synthesizing different researches regarding customers' business needs;
- compare and contrast different methods of credit monitoring and devise a management process to supervise problem loan monitoring.

Assessment Method

- Examination: **Part I – Case Study question**
Part II – THREE Essay questions out of FIVE
- Passing mark for this subject is **50%**.
- Time allowed: **Three hours**.

Specialist

Bank Lending

A. Personal & Corporate Lending

1	Advance to Personal Customers	1.1	Advances to personal customers: home mortgages (including Home Ownership Scheme, village houses etc); bridging loans; probate advances; investment loan and advances relating to consumer expenses; personal loans/overdrafts; tax loans; credit card, etc.
		1.2	Hong Kong Mortgage Corporation Limited – Mortgage Insurance Programme
		1.3	Consumer Credit Data
2	Interpretation and Analysis of Financial Statements	2.1	Interpretation and critical analysis (including key ratios) for lending purposes of accounting statements including: <ul style="list-style-type: none"> - Balance sheets - Profit and loss accounts - Cash flow statements - Budgets and cash flow forecasts
		2.2	Assessing the reliability of accounting information by its source
		2.3	Interpretation of budgets and cash flow forecasts and critically testing their underlying assumptions
		2.4	Ratio Analysis: <ul style="list-style-type: none"> - Profitability – understanding the importance of different measures of profitability - Liquidity – understanding how liquidity should be assessed - Working capital management – understanding the WC management of a business is pivotal to the candidates understanding of the expected patterns of cash flow - Capital structure – understanding the relationship between shareholders; capital and debt
		2.5	Understanding of the limitation of financial statements and candidates should have a good understanding of creative accounting as well.
		2.6	Analysis of the operating risks of the borrower including qualitative aspects such as: <ul style="list-style-type: none"> - The owner(s): background, experience, other interests, related company(ies); - Management: roles, background, capability, depth and control; business strategies and policies; IT and human resources; business succession plan - Business and Industry: competition, SWOT analysis, relevant domestic, international, economic, political and social factors.

B. Corporate Credit

1	Credit Assessment	1.1	A reasoned assessment of a lending proposition related to both locally and China to produce a recommendation or decision.
		1.2	Credit Scoring concepts/models/systems

Specialist

Bank Lending

2	Terms for a Loan Facility	2.1 2.2 2.3	An appreciation of what security (if any) would be appropriate and setting the terms and conditions for a loan facility: pricing, repayment provisions, collateral security and other conditions or covenants. SME Funding Schemes by the Hong Kong Government Collateral risk and valuation
3	Understanding Business Needs	3.1 3.2 3.3	An understanding of the requirements of different types of businesses, including: - Import/export; Retailing; Wholesaling; Manufacturing; Building; - Professionals – e.g. doctors, dentists, solicitors, accountants. - New Economy: e-business or knowledge based industries. - Multinational Corporations, Local Corporations and Small & Medium Enterprises 3.2 Provide appropriate type of credits and in suitable size depending on the field of business, mode of operation and the available security. 3.3 Appropriateness of banking facilities – re their amount, purpose, tenor and structure
4	Credit Administration and Dealing with Problem Loans	4.1	Monitoring to ensure that: - business performance is in line with projections. - business is in compliance with regulations and bank/company policy. - loan being utilised for stated purpose. - Identifying problems with repayment and loan delinquency. Handling loan default. Identify symptoms of overtrading and misappropriation of credit limits. - Identifying early warning signs, remedial action and implications of winding up a business

Essential Readings

1. HKIB. *Bank Lending (1st ed.)*. Wiley.

Supplementary Readings

2. Benton E. Gup. (2011). *Banking and Financial Institutions: A Guide for Directors, Investors, and Borrowers. (1st ed.)*. Wiley.
3. Giacomo De Laurentis, Renato Maino and Luca Molteni. (2010). *Developing, Validating and Using Internal Ratings: Methodologies and Case Studies (1st ed.)*. Wiley.

Specialist

Bank Lending

Further Readings

4. Carl Walter, Fraser J. T. Howie. (2012). ***Red Capitalism: The Fragile Financial Foundation of China's Extraordinary Rise (Revised ed.)***. John Wiley & Sons Inc.
5. Blaise Ganguin, John Bilardello. (2004). ***Standard and Poor's Fundamentals of Corporate Credit Analysis***. McGraw-Hill.
6. Nick Rouse. (1999). ***Applied Lending Techniques (2nd ed.)***. Global Professional Publishing.
7. Nick Rouse, Colin Bell and Alastair Graham. (2010). ***Bankers' Lending Techniques (3rd ed.)***. Global Professional Publishing.
8. Nick Rouse. (2016). ***Applied Lending Techniques (3rd ed.)***. Global Professional Publishing.



Specialist

Credit Risk Management

Objective

This subject contributes to the achievement of the knowledge and skills embedded in the Programme Intended Learning Outcomes by familiarizing candidates with the essential organisation of credit risk management and the capital adequacy framework for banking institutions today. With the subsequent coverage on credit risk and portfolio models, content of the subject is designed to strengthen candidates' quantitative skills relevant in the credit risk management environment. Most importantly, candidates are expected to equip themselves with rounded skills to share their insights with internal management on any on-going issues related to credit risks.

Learning Outcomes

Upon completion of this subject, candidates should be able to:

- evaluate critically the organisation of credit risk management;
- review and communicate the current global capital requirements on credit risks;
- consolidate the wide range of theories in credit portfolio modeling and evaluate their effectiveness in measuring credit risk;
- review the risk factor of credit derivative products and evaluate the bank's capital allocation strategy under the Basel capital requirement

Assessment Method

- Examination: **FIVE Essay questions out of SEVEN**
- Passing mark for this subject is **50%**.
- Time allowed: **Three hours**.

Specialist

Credit Risk Management

A. Organization of Credit Risk Management in Banks

1	Credit Risk Management in Banks	1.1 1.2 1.3	Principles of Risk Management and Internal Controls Capital Adequacy Framework Credit Asset Classification <ul style="list-style-type: none"> - Sovereign exposures - Bank exposures - Corporate exposures - Regulatory retail exposures - Residential mortgage loans - Others - Standardized vs Internal-ratings based Approaches
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B. Capital Requirements on Credit Risk under Basel Accord

1	Standardized Approach	1.1	Risk weights on different asset types
2	Internal-ratings-based (IRB) Approach	2.1 2.2 2.3 2.4 2.5	PD, LGD and EAD requirements ratings design and risk factors Validation of IRB models Use tests of an IRB System Measurement on power of risk differentiation Validation on accuracy of PD calibration

C. Credit Risk and Portfolio Models

1	Credit Risk Models	1.1 1.2 1.3 1.4 1.5 1.6 1.7 1.8	Regression models on default Binomial probability model of default Beta distribution for LGD and EAD PD inference from corporate bond yields PD inference from equity prices Rating migration and credit VaR Expected loss versus unexpected loss EAD for counterparty risk
2	Credit Portfolio Models	2.1 2.2 2.3 2.4 2.5 2.6 2.7 2.8	Simulation Analysis Correlation of defaults Rating migration and credit portfolio risk Portfolio theory and credit risk diversification Actuarial models on default risk Single-factor model on default correlation Stress credit loss and capital charge equations Stress testing credit risk portfolios

D. Credit Derivatives and Structured Credit Products

1	Types of Products	1.1 1.2 1.3 1.4 1.5 1.6 1.7 1.8 1.9	Credit default swaps Total return swaps Credit spreads forwards and options Credit-linked notes First-to-default baskets and nth-to default baskets Pricing of credit derivatives Collateral Debt Obligations Capital charge requirements on securitized credit products Limitations on CDS/CDOs as risk management tools
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Specialist

Credit Risk Management

Essential Readings

1. HKIB. *Credit Risk Management (1st ed.)*. Wiley.

Supplementary Readings

2. Amalendu Ghosh. (2012). *Managing Risks in Commercial and Retail Banking (1st ed.)*. Wiley.
3. Jeffery R. Bohn & Roger M. Stein. (2009). *Active Credit Portfolio Management in Practice*. Wiley.

Further Readings

4. Servigny, Arnaud de and Olivier Renault. (2004). *Measuring and Managing Credit Risk*. McGraw-Hill.
5. Engelmann, Bernd and Robert Rauhmeier. (2011). *The Basel II Risk Parameters (2nd ed.)*. Springer.



Specialist

Bank Asset and Liability Management

Objective

This subject contributes to the achievement of the knowledge and skills embedded in the Programme Intended Learning Outcomes by setting a scene for candidates to extend critical thinking over the practical areas of asset-liability management. By making thorough application of their accounting and professional knowledge, candidates are expected to demonstrate the ability to consider external factors and risks when strategizing over a range of internal problem areas.

Learning Outcomes

Upon completion of this subject, candidates should be able to:

- identify and critically evaluate how market factors impact the profitability of banks;
- compare and select different approaches of bank asset and liability management from ALCO's perspectives and evaluate the appropriateness of particular strategies in fulfilling the bank's stated objectives;
- demonstrate how market risks and liquidity risks overlap to exert pressure on banks' capital and identify strategic considerations in capital planning;
- identify how interest rate risks threaten banks' financial stability and evaluate critically the effectiveness of technical strategies in providing immunization against such risks.

Assessment Method

- Examination: **FIVE Essay questions out of SEVEN**
- Passing mark for this subject is **50%**.
- Time allowed: **Three hours**.

Specialist

Bank Asset and Liability Management

A. Asset and Liability Management

1	Managing Bank Profitability	1.1 1.2 1.3 1.4	Current banking structure and regulation; - Mandatory financial disclosure on banks Examine bank's financial statements, income and profit, off balance sheet items, non-financial information Evaluation of bank's profit Measuring Bank Profitability - Interest and non-interest revenues - Cost of funds, return on equity, return on assets and net interest margin - Different approaches in balance sheet management - Accounting Profit vs Economic Profit (Risk-adjusted Return on Capital)
2	Asset and Liability Management Committee (ALCO)	2.1 2.2 2.3	The role and functions of Asset and Liability Management Committee (ALCO) in - Asset and liability management - Liquidity and funding risk management ALCO plan development ALCO pack - Financial ratios - Influence for market strategy
3	Managing Bank Assets and Liabilities	3.1 3.2	Managing Bank Assets - The loan portfolio - The investment portfolio - Securitization - Liquidity management - assets Managing Bank Liabilities - Source of funds - Deposit structure - Impact of interest rate changes on net interest spread - Liquidity management – liabilities
4	Banking Regulations	4.1 4.2	Banking regulation and the role of central monetary authority Roles of HKMA - RTGS - Intra-day repo - Discount window

B. Managing Liquidity Risk and Interest Rate Risk

1	Capital and Liquidity Management	1.1 1.2 1.3	Definition and functions of capital; standards of capital adequacy under Basel II / Basel III - Measurement of capital adequacy - Tier 1(Core) and Tier 2 (supplemental) capital requirements, capital planning Determining the Bank's funding need - Meeting legal reserve requirements - Loan and deposit trends forecast - Liquidity gap estimation - Liquidity planning Stress Testing - formulating capital and liquidity management policies under normal and abnormal circumstances
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Specialist

Bank Asset and Liability Management

2	Managing Interest Rate Risk	2.1	Types of interest rate risk
		2.2	Gap analysis
		2.3	Duration analysis
		2.4	Basis Point Value (BPV)
		2.5	Hedging interest rate risk
		2.6	Syndication capital management
		2.7	Securitization
			- Liquidity management
			- Asset management
			- Capital management
		2.8	Net Interest Income sensitivity analysis
3	Long Term Market Risk		

Essential Readings

1. Koch & MacDonald, S. (2015). ***Bank Management (8th ed.)***. Scott Cengage Learning.

Supplementary Readings

2. Moorad Choudhry. (2009). ***The Principles of Banking (1st ed.)***. South-Western Pub.
3. Moorad Choudhry. (2011). ***An Introduction to Banking: Liquidity Risk and Asset-liability Management (1st ed.)***. Wiley.
4. Jean Dermine & Youssef F. Bissada. (2007). ***Asset and Liability Management, The Banker's Guide to Value Creation and Risk Control (8th ed.)***. Prentice Hall.

Further Readings

5. Moorad Choudhry. (2010). ***The Future of Finance: A New Model for Banking and Investment (1st ed.)***. Wiley.
6. Joseph F. Sinkey. (2002). ***Commercial Bank Financial Management (6th ed.)***. Prentice Hall
7. Saunders and Cornett. (2010). ***Financial Institutions Management: A Risk Management Approach (7th ed.)***. McGraw-Hill (SC).



Specialist

Treasury Markets and Operations

Objective

This subject contributes to the achievement of the knowledge and skills embedded in the Programme Intended Learning Outcomes by providing candidates an essential blend of professional and practical learning opportunity on the technical treasury operations. Candidates would consolidate the previous knowledge and extend critical applications of accounting and financial knowledge in the sophisticated areas of treasury functions. Through participations and discussions, candidates would manifest tactic skills and exercise careful considerations on how and when to use what tools available for which markets.

Learning Outcomes

Upon completion of this subject, candidates should be able to:

- undertake critical analysis on the roles and functions of treasury operations in banks and demonstrate how the operations provide check-and-balance internal controls;
- deal with the day-to-day management of a wide range of treasury activities by market segments to fulfill the asset and liability management objectives of the bank;
- identify the types and assess the magnitude of risks and decide on the deployment of resources and tools to implement effective risk measures and control;
- evaluate effectiveness of risk control in current market practice in treasury operation procedures.

Assessment Method

- Examination: **Part I – Practical Operation: TWO Essay questions out of THREE**
Part II – Calculations and Knowledge: TWO Essay question out of THREE
- Passing mark for this subject is **50%**.
- Time allowed: **Three hours**.

Specialist

Treasury Markets and Operations

A. Treasury Management

1	Treasury Management of Financial Institutions	1.1	<p>Review of the of Treasury's functions:</p> <ul style="list-style-type: none"> - Balance sheet management (Implication of Basel III accord on asset/liability management) - Liquidity risk management (Implications of asset quality classification, off-balance sheet activities and counterparty exposures on long/short term liquidity needs and capital requirements) - Management of settlement / pre-settlement credit risk, - Interest rate risk and foreign exchange exposure.
		1.2	<p>Internal control as a protection against overexposures, errors and frauds:</p> <ul style="list-style-type: none"> - Organization structure and segregation of duties - Position limits and VaR limits for dealers - Monitoring and control of the dealing operation - Internal audit functions - Compliance issues - Code of Practice and ethical issues

B. Foreign Exchange, Money Market & Derivatives

1	Foreign Exchange Market	1.1	<p>Spot market: spot rate, value date, direct and indirect quotations, reciprocal rate. One-way and two-way quotations, and cross rate.</p>
		1.2	<p>Exchange Rate Determination</p> <ul style="list-style-type: none"> - interest rate parity and inflation - balance of trade and payments - international investment and capital flow.
		1.3	<p>Forward market: forward rate, swap and swap rates, interest rate differentials and exchange rate differentials, timing options and historical rate rollovers.</p>
		1.4	<p>Hedging foreign exchange exposures and hedging techniques.</p>
		1.5	<p>Trend Forecasting: fundamental and technical analysis.</p>

Specialist

Treasury Markets and Operations

2	Money and Capital Markets	2.1	<p>The Hong Kong dollar market: (Market structure, players and instruments)</p> <ul style="list-style-type: none"> - the peg rate system and Exchange Fund operation - Interbank placement and money rate (HIBOR) fixing mechanism - HKMA discount window, repo between CMU member banks of USD CHATS, repo of Exchange Fund Bills and notes for intraday overdraft - Certificate of Deposit, HKD and RMB corporate bond
		2.2	<p>International market:</p> <ul style="list-style-type: none"> - Eurodollar bond, Eurozone bond, floating rate note, medium term note, government securities - Eurodollar Interbank Money rate (LIBOR) fixing mechanism - Central bank bond repurchase programs and implication on market liquidity
		2.3	<p>Credit:</p> <ul style="list-style-type: none"> - Managing credit spread risk and default risk. - Credit rating and role of credit rating agencies
3	Bond Market	3.1	<p>Bond market and the yield curve interpretation</p> <ul style="list-style-type: none"> - Managing interest rate risk
4	Derivatives	4.1	<p>Derivatives for hedging</p> <ul style="list-style-type: none"> - Interest rate swap and currency swap, forward rate agreement, non-delivered forward (NDF), options, financial futures - credit derivatives: credit default swaps (CDS) - other aspects: options pricing modeling, dealing convention (ISDA documentation), accounting principles and valuation, hedging techniques, risk consideration (distinguish hedging and speculation)

Specialist

Treasury Markets and Operations

C. Treasury Operation			
1	Treasury Operations	1.1	Operations in front office - interbank trading, proprietary trading, corporate treasury
		1.2	Operations in middle office - accounting & finance (accounting principles on asset revaluation AS39), risk management, regulatory compliance, internal audit
		1.3	Operations in back office - cash management, payment and settlement processing - trades / position/ cash account reconciliation - operations process control – access right, setting levels of authorization, amendments and cancellation
2	Market Risk Measures	2.1	Risk consideration and control: country risk, legal risk, credit risk, counter-party risk, market risk, operation risk and settlement risk.
		2.2	Mark to market, calculation of VaR (Value at Risk) and BPV (Basis Point Value), tools to manage financial risk, monitoring and compliance. - exposures limit considerations, assessment and review process
3	Payment and settlement systems	1.1	Offshore (Hong Kong) RMB clearing and settlement system, linkage of CHATS to international settlement systems including securities clearing and custody(EuroClear)
D. Case Studies			
1	Case Studies	1.1	Risk Management & Control illustration: - operations risk on segregation of duties - settlement risk - liquidity risk on position hedging - concentration risk on correlation of hedge fund trading strategies

Specialist

Treasury Markets and Operations

Essential Readings

1. Moorad Choudhry. (2007). ***Bank Asset and Liability Management – Strategy, Trading, Analysis***. Wiley.

Supplementary Readings

2. Andrew M. Chisholm. (2009). ***An Introduction to International Capital Markets: Products, Strategies, Participants (2nd ed.)***. Wiley.
3. Heinz Rieh. (1999). ***Managing Risk in Foreign Exchange, Money and Derivative Markets***. McGraw Hill.

Further Readings

4. Bruce Tuckman and Angel Serrat. (2011). ***Fixed Income Securities: Tools for Today's Markets (3rd ed.)***. Wiley.
5. John C. Hull. (2012). ***Options, Futures and Other Derivatives (8th ed.)***. Prentice Hall
6. Joseph F. Sinkey. (2002). ***Commercial Bank Financial Management (6th ed.)***. Prentice Hall
7. Simon Benninga. (2014). ***Financial Modeling (4th ed.)***. MIT.
8. Steiner Robert. (2012). ***Mastering Financial Calculations: A Step-By-Step Guide to the mathematics of Financial Market Instruments***. Pearson.



Specialist

Banking Law and Practice

Objective

This subject contributes to the achievement of acquiring an advanced level of knowledge and skills embedded in the Programme Intended Learning Outcomes by helping candidates develop a multi-perspective evaluation over bankers' rights and duties not only in banker-customer relationship, but also in internal areas of banking operations that support bankers' external functions. By discussing account conducts and the respective strategies of management, candidates are expected to enhance their cognitive skills of evaluation over the internal and external problems. Such competence and attribute would be strengthened by a thorough application of legal knowledge to different levels of banking operations.

Learning Outcomes

On completion of this subject, candidates should be able to:

- critically assess the implications of the current law and practice governing banker's roles in banker-customer contractual and non-contractual relationships;
- analyze critically the bank's duty in different types of accounts and account conduct in banking operations under the framework of banker-customer relationship;
- evaluate critically the law related to security which commonly accepted by the banks;
- communicate and assess the consequences of undertaking bankruptcy proceedings to the bank and customer in relation to bank's bad debt collection procedures.

Assessment Method

- Examination: **Part I – Case Study question**
Part II – THREE Essay questions out of FIVE
- Passing mark for this subject is 50%.
- Time allowed: Three hours.

Specialist

Banking Law and Practice

A. Banker-Customer Relationship and Account Opening

1	Contractual Relationship under Code of Banking Practice	1.1	Special relationship involved in <ul style="list-style-type: none"> - Mandates - Powers of Attorney (including Enduring Power of Attorney) - Limitation of actions - Appropriation of payments - Set-off - Bankers' lien
		1.2	Banker's Duty of Secrecy (including bankers' opinions/trade enquiries)
		1.3	Code of Banking Practice
		1.4	Code of Practice on Consumer Credit Data and Personal Data Privacy Ordinance
		1.5	Statement of account or passbook
		1.6	Wrongful dishonour of cheques
		1.7	Exemption Clauses
2	The Opening and the Conduct of Accounts	2.1	The opening and the conduct of accounts in credit and debit for various customers: <ul style="list-style-type: none"> - Personal customers - Joint customers - Minors - Executors, administrators and trustees - Proprietors and partnerships - Unincorporated clubs, societies and solicitors - Incorporated companies (including overseas companies, nominee holding companies)
		2.2	Anti-money laundering and terrorist financing

B. Banking Operations

1	Bills of Exchange and Other Banking Operations	1.1	Types of negotiable and quasi negotiable instruments
		1.2	Bills of Exchange <ul style="list-style-type: none"> - Definition of a bill of exchange - Parties, elements in a bill of exchange - Dating, acceptance, negotiation of a bill - Indorsement, holder for value, holder in due course, forged or unauthorized Signature - Delivery, duties of holder, discharge of a bill - Bills of Exchange relating to collecting bankers and paying bankers
		1.3	Promissory Notes
			<ul style="list-style-type: none"> - Definition of a promissory note - Differences between promissory notes and bills of exchange - Liabilities of parties
		1.4	Other Banking Operations
			<ul style="list-style-type: none"> - Credit cards - Direct debits (e.g. ATM, EPS, Standing orders) - Investment advice - Safe custody - Ancillary financial services (e.g. Hirepurchase, Factoring, Leasing) - Internet and phone banking

Specialist

Banking Law and Practice

C. Law related to Security

1	Guarantee	1.1 1.2 1.3 1.4	Guarantees and indemnities distinguished Types of guarantee and formal requirements Liability of guarantor, guarantor's rights against the creditor and guarantor's rights against the debtor Rights of co-guarantors among themselves and discharge of the guarantor
2	Mortgage of Land	2.1 2.2 2.3 2.4	Definition and creation of mortgage Legal and equitable mortgage Mortgagee's powers and remedies Mortgagor's rights
3	Other Security Interests	3.1 3.2 3.3 3.4 3.5	Company Charges: Definition and creation of charge, fixed and floating charges, chargee's powers and remedies, chargor's rights. Pledge: Definition and creation of pledge, pledgee's powers and remedies, pledgor's rights. Hypothecation: Hypothecation and pledge. Company Shares: Mortgages of company shares, powers and remedies of mortgagees. Insurance Policies: Creation of security interest in different types of insurance policies

D. Insolvency

1	Bankruptcy	1.1 1.2 1.3 1.4 1.5 1.6 1.7 1.8	Main functions of bankruptcy proceedings. Who may be made bankrupt. Who may present a bankruptcy petition. Grounds for commencement of a bankruptcy proceeding. The statutory demand. New concepts in bankruptcy: transactions at an undervalue, unfair preferences, extortionate credit transactions. Bankruptcy proceedings. Consequences of bankruptcy. Proof of debts. Setting off before proof. Property available for payment of debts. Trustees in bankruptcy. Discharge from bankruptcy. Voluntary arrangements.
2	Winding-up	2.1 2.2 2.3 2.4 2.5	Modes of winding up. Winding up by the court: jurisdiction, cases in which a company may be wound up by court, petition for winding up and effects thereof; commencement of winding up, consequences of a winding-up order, official receiver in winding up, liquidators, committee of inspection, general powers of court in case of winding up by court. Winding up by court by way of summary procedure. Winding up with a regulating order. Winding up of unregistered companies. Assets of the company available for distribution: contributories, collection of the company's assets, onerous property.

Specialist

Banking Law and Practice

		2.6	Voluntary winding up: resolutions for and commencement of voluntary winding up, consequences of voluntary winding up, declaration of solvency, members' voluntary winding up, creditors' voluntary winding up, powers and duties of the liquidator in a voluntary winding up, special procedure for voluntary winding up.
		2.7	Proof and ranking of claims, effects of winding upon antecedent and other transactions, dissolution of a company, offences before and in the course of winding up.

Essential Readings

1. HKIB. *Banking Law Practice (1st ed.)*. John Wiley & Sons

Supplementary Readings

2. Claire Wilson. (2016). *Banking Law and Practice in Hong Kong (1st ed.)*. Sweet & Maxwell.
3. Derek Roebuck, DK Srivastava, HM Zafrullah and Sara Tsui. (2009). *Banking Law in Hong Kong: Cases and Materials (2nd ed.)*. Lexis Nexis.
4. Mark Hsiao. (2013). *Principles of Hong Kong Banking Law (1st ed.)*. Sweet & Maxwell.

Further Readings

5. Chan Bo-ching Simon. (2000 & 2001). *Hong Kong Banking Law and Practice. (Vol. 1 & 2)*. HKIB.
6. Douglas Arner, Berry Hsu, Say H. Goo, Syren Johnstone, Paul Lejot and Maurice Kwok-Sang Tse. (2016). *Financial Markets in Hong Kong: Law and Practice (2nd ed.)*. Oxford University Press.
7. Hans Mahncke, Michael Ramsden, Luke Marsh and Sidney Yankson. (2014). *The Hong Kong Anti-Money Laundering Ordinances Commentary and Annotations (Collected Volume) (1st ed.)*. Sweet & Maxwell.
8. Stephen SK Chan. (2012). *Butterworths Hong Kong Banking Law Handbook (3rd ed.)*. Lexis Nexis.



Specialist

Operational Risk Management

Objective

This subject contributes to the achievement of the knowledge and skills embedded in the Programme Intended Learning Outcomes by integrating theory and real-life experience on a wide range of topics related to operational risk management. By utilizing tools and resources available, candidates would have an opportunity to develop research skills to map the latest market standard with internal operation. Such skills are crucial for shaping up the internal operations of an organization to meet external challenges, and they would enhance candidates' competence to develop investigative strategies which are vital for both individual and organizational development.

Learning Outcomes

On completion of this subject, candidates should be able to:

- critically evaluate the performance of a wide range of functional issues in the perspectives of management;
- formulate framework related to risk management & quality control of internal operations;
- manage unfamiliar problems, operational problems, and exercise appropriate judgment to complex operational functions related to services, product and process management;
- propose justified solutions and recommendations on operational risk management based on analysis and synthesis of relevant information

Assessment Method

- Examination: **Essay Questions**
- Passing mark for this subject is **50%**.
- Time allowed: **Three hours**.



Specialist

Operational Risk Management

A. Operational Risk in Banking Industry

1	Overview and definition of Operational Risk	1.1 1.2 1.3 1.4 1.5 1.6 1.7	<p>Introduction</p> <ul style="list-style-type: none"> - What is operational risk? - Operational risk in financial institutions - Operational risk causal factors - Operational risk categories <p>Important operational risk events</p> <ul style="list-style-type: none"> - Grouped losses vs single events - Linked events - Legal events - Tax events <p>Distinguished from other types of risk</p> <ul style="list-style-type: none"> - Risk positions - quantification and exposure measure - Portfolio completeness - Data frequency - Modeling <p>Distinguished from operation risk</p> <ul style="list-style-type: none"> - Back office operations - Enterprise wide operation issue <p>Boundary of operation risk</p> <ul style="list-style-type: none"> - Credit risk - Market risk - Interest rate risk - Liquidity risk - Legal risk - Reputation risk - Strategic risk <p>Drivers of operational risk management</p> <ul style="list-style-type: none"> - Back office operations - Strategy, appetite and policy - Reassure from regulators - Increasing merger and acquisition activity - Integration of best risk practices - Risk aggregation - New product and service examination - Performance and resources allocation measurement <p>Related disciplines</p> <ul style="list-style-type: none"> - Financial risk management - Audit and internal controls - Reliability engineering
2	Operational risk management framework	2.1	<p>What are operational risk management frameworks</p> <ul style="list-style-type: none"> - Corporate structure - Operational risk management process - Components in operational risk management framework
3	Case studies	3.1	<p>Cases on different types of operational risks</p> <ul style="list-style-type: none"> - Fraud, Compliance, Systems, Reputation, Escalation, Monetary and Non-monetary losses - People - Process - System - External events



Specialist

Operational Risk Management

B. Process of Operational Risk Management

1	Methodologies and tools	1.1 1.2	<p>Building ORM process – Defining scope and objectives</p> <ul style="list-style-type: none"> - Measurement - RCSA - KRI verification and setting up - ILD building <p>Managing operational risk</p> <ul style="list-style-type: none"> - Risk identification and Assessment – Basel Committee on Banking Supervision (BCBS) principles for sound management of operational risk Principle 6, 7 - Monitoring and Reporting – BCBS principles for sound management of operational risk Principle 8 - Control and Mitigation – BCBS principles for sound management of operational risk Principle 9 - Contingency and escalation - Business Resilience and Continuity – BCBS-principles for sound management of operational risk Principle 10
2	Risk identification	2.1 2.2 2.3	<p>Introduction</p> <ul style="list-style-type: none"> - Define unit of measure - RCSA (Risk and Control Self Assessment) - KRI (Key Risk Indicators) - ILD (Incident and Loss Event Database) - Use of external loss data <p>Implementation</p> <ul style="list-style-type: none"> - Practical issues in applications <p>Risk and Control Self-Assessment</p> <ul style="list-style-type: none"> - Implementation - Practical issues in applications <p>Risk categorization</p> <ul style="list-style-type: none"> - Business line mapping - Categorization of incidents and loss events - Implementation - Practical issues in applications
3	Risk measurement and assessment	3.1	<p>Impact and probability</p> <ul style="list-style-type: none"> - Categorization of frequency and severity - Aggregated loss distribution from frequency and severity distributions - Expected loss and unexpected loss - Inference of operational risk capital using value at risk methodology - Background for Basel operational risk capital calculation methodology



Specialist

Operational Risk Management

4	Risk control and mitigation	4.1	<p>Risk response</p> <ul style="list-style-type: none"> - Options and actions to reduce the likelihood or consequences of risk impact - Actions taken to mitigate the risk - Responsibilities assignment
		4.2	<p>Incident management and loss data</p> <ul style="list-style-type: none"> - Incident management processes - Loss prediction - Loss prevention - Loss control - Loss reduction
		4.3	<p>Insurance</p> <ul style="list-style-type: none"> - Operational risk insurance products - Financial institutions operational risk insurance's coverage - Limitation of insurance - Alternatives to insurance
		4.4	<p>Internal control</p> <ul style="list-style-type: none"> - Definition - Components of internal control - Internal control objectives - Internal control activities
		4.5	<p>Key risk exposure control and mitigation</p> <ul style="list-style-type: none"> - Risk assumption - Risk avoidance - Risk limitation - Risk planning - Research and acknowledgement - Risk transference
		4.6	<p>Contingency plan</p> <ul style="list-style-type: none"> - Reliability - Availability - Plan maintainability



Specialist

Operational Risk Management

5	Risk reporting	5.1	<p>Introduction</p> <ul style="list-style-type: none"> - Steps to generate reports - Incident reports - Risk reports - Risk action reports - Risk summary reports
		5.2	<p>Heat map or operational risk profile business process mapping</p> <ul style="list-style-type: none"> - Business value - Performance - Maturity - Interconnectedness - Compliance and Governance - Processes
		5.3	<p>Key risk indicators (Preventive / BAU data)</p> <ul style="list-style-type: none"> - Definition - Role and purpose - Selecting risk indicators - Thresholds, limits and escalation triggers
		5.4	<p>Incidents and operational risk loss data reporting</p> <ul style="list-style-type: none"> - Embedding - Under & over reporting - Thematic review - Timeliness - Lessons Learned - Confidence
		5.5	<p>Escalation (e.g. report to management, regulators)</p> <ul style="list-style-type: none"> - Escalations triggers - Resources overhead - Procedures
6	Other related techniques	6.1	<p>Scenario analysis (AMA in context)</p> <ul style="list-style-type: none"> - Historical vs hypothetical events - Probabilities and frequencies of occurrence of the event - Business activities - Maximum internal and external loss - Possible mitigation techniques - Methodology
		6.2	<p>Stress testing</p> <ul style="list-style-type: none"> - Extreme event - Limitation of stress testing
		6.3	<p>Operational risk models</p> <ul style="list-style-type: none"> - Top-down vs bottom-up models - Casual vs statistical models - Selection of risk models
		6.4	<p>Application of tools</p> <ul style="list-style-type: none"> - Identifying and generating metrics - Parameterizing, prioritizing and developing mitigations - Tracking risks - Example



Specialist

Operational Risk Management

Part C: Regulatory Framework and Governance Structure

1	Regulatory requirements	1.1	Basel II Capital Accord on Operational Risk (BCBS 128) - Business line mapping
		1.2	Basel Committee's Sound Practices for the Management of Operational Risk
		1.3	HKMA SPM OR-1 and Banking Capital Rules Basel III
2	Risk governance	2.1	Structure - BCBS-principles for sound management of operational risk Principles 1, 2, 3, 4 - HKMA-elements for a sound risk management system - Corporate governance
		2.2	Roles and responsibilities of different parties (e.g. committee) - Use of specialized committee - Role of internal control, compliance, risk management and internal audit
		2.3	Relationship between RCSA, KRI and Operational Risk Events - Interaction and how they work together - Action Plan and Reporting - Example

Essential Readings

1. HKIB. *Operational Risk Management (1st ed.)*. Wiley.

Reference Readings

2. Abkowitz, Mark David. (2008). *Operational Risk Management: A Case Study Approach to Effective Planning and Response*. John Wiley & Sons.
3. Carol Alexander. (2003). *Operational Risk: Regulation, Analysis and Management*. Prentice Hall.



Specialist

Case Study Examination

Prerequisites

- Completion of the two specialist subjects in the selected stream

Objective

The objective of the postgraduate diploma programme is to equip candidates with comprehensive conceptual and practical knowledge in a specialized area of banking and develop candidates with research skills to adopt an analytical approach in developing strategies to tackle different scenarios that may arise in real-life situation. Therefore, the Case Study Examination is to test whether a candidate can consolidate and evaluate the wide range of complex concepts, models and specialized skills in a discipline and apply them in real-life scenarios.

Learning Outcomes

Please refer to the learning outcomes of specialist subjects in respective stream.

Highlight

The Case Study Examination consists of two parts: Individual Written Report and On-Site Examination.

Candidates will receive the "Examination case: Pre-seen examination information" document 6 weeks prior to the examination. To produce the Individual Written Report, candidates are required to critically analyse the scenario depicted in the case(s), conduct research to gather relevant information and extend cross-discipline knowledge acquired in the two specialist subjects to the case(s). During the On-Site Examination, the examination questions, extended case scenarios and additional information about the pre-seen examination case will be provided. Candidates have to carefully study the case information to identify the problems and make the analysis based on the study material and case facts.

Assessment Method

Individual Written Report (40%)

- Passing mark: **50%**

On-Site Examination (60%)

- Passing mark: **50%**
- Time allowed: **Three hours.**
- Format: **Open book examination.**

Candidates must submit an Individual Written Report, attend the On-Site Examination and pass the On-Site Examination with a minimum passing mark of 50%.

5. Study Guide - Planning your study

A. Preparation

To prepare your study programme, you are advised to:

1. plan your study realistically
2. list the topics you will have to study
3. learn and revise until the examination
4. allow sufficient time for revision per subject
5. discipline yourself to stick to the study periods you set aside
6. set your study targets and make efforts fully to meet them

B. Study Techniques

The followings are some efficient ways of learning:

1. writing short notes
2. underlining key words or phrases
3. relating what you are reading to real-life examples or experiences are efficient ways of learning

C. CB Handbook

The CB Handbook lists out the syllabus and requirements of the examinations. You should study the parameters of the examination syllabus of the subjects you will take, and keep the syllabus requirements in sight as your study progresses towards the examination date.

D. Textbooks

The HKIB Resources Corner can be of great assistance to you. You can borrow the essential readings for short periods; most of them are available for reference. You are strongly advised to purchase your own copies because essential readings is a ready source of information throughout your working life and examiners use these books to test your knowledge.

E. Training Classes

Enrolment for training classes is compulsory for CB learning programme. For details on the programme schedule, please refer to the HKIB website or contact HKIB staff.

5. Study Guide - Planning your study

F. Suggested Examination Technique

1. Time management
 - 1.1. plan your time carefully, apportioning the time you spend on each question in relation to the number of marks.
 - 1.2. read the instructions on the question paper and answer book cover.
 - 1.3. for essay questions, spend a few minutes to select the questions you can answer fully.
 - 1.4. reserve sufficient time to proofread the answer script.
 - 1.5. for essay questions, if you are running out of time, write your last answer, or part of answer in point form.

2. Analyse the question
 - 2.1. approach each question carefully, understand what is required, break the question into parts, if necessary, to make sure you understand it.
 - 2.2. firstly tackle the question that you can answer the best so as to build up confidence.
 - 2.3. for essay questions, jot down the main points of your answer logically and use this as a framework for your answer.
 - 2.4. for essay questions, start each answer on a new page, and manage to leave sufficient space at the end of each answer for the last minute inspiration.

3. Presentation for essay questions
 - 3.1. be clear and concise.
 - 3.2. ensure that what you write is relevant to the question, do not repeat yourself. No marks are awarded to irrelevant material.
 - 3.3. ensure that your writing is legible and tidy.

6. CB Examination Prize Awards

The Subject Prize and Freshman Prize are awarded to best performed candidates of CB Examination in each diet.

➤ **Subject Prize**

Award to the candidate who has achieved the highest mark among all candidates of that subject, and has obtained at least a Pass with Credit.

The CB Subject Prizes are sponsored by Banks.

➤ **Freshman Prize**

Freshman Prize winner is the best performing candidate who: -

- (a) Attempts the CB Examination for the first time; and
- (b) Attempts at least 2 subjects in an examination diet; and
- (c) Obtains highest average mark; and
- (d) Not more than 3 years of banking experience.

Policy of Personal Data Protection

When HKIB collects information from participants of our activities, training programs and / or examinations (“Participants”), it is our policy to meet fully the requirements of the Ordinance, which regulates the treatment of personal data. Throughout this policy, the meaning of the term “personal data” is as defined in the Ordinance. In dealing with personal data, we will ensure compliance by our staff with the standards of security and confidentiality prescribed under the ordinance.

1. All the information of a personal nature obtained by HKIB is for the purpose of administering our services, which may include but are not limited to training, examinations and other activities organized wholly or in-part by HKIB, conducting subsequent assessment of performance and handling related irregularities, if any.

The personal data are supplied either by Participants themselves or from external sources, including but not limited to the employers, service or learning providers, and third-parties that are otherwise affiliated to the service being participated, who may provide HKIB with relevant information on their employees, members and/or students, and the members of the public.

After the data obtained from the Participants have been captured, processed and checked, hard copies e.g. Participants’ information checklists or attendance notice may be produced for all HKIB services in order to ensure the accuracy of the personal entry data. Some data may also be used for the purposes which are stated as below during the registration/ payment:

- ♦ to verify Participants’ identity;
- ♦ to fulfill Participants’ specific request, application or enrolment relating to our services;
- ♦ to administer and deliver information about the service;
- ♦ to maintain and process the examination marks and results, if any;
- ♦ to process and handle Participants’ complaints, enquiries , feedbacks or irregularities, if any;
- ♦ to maintain Participants’ records;
- ♦ to conduct research or statistical analysis;
- ♦ to release information to the relevant third parties on whose behalf HKIB administers, conducts or organizes services and to any third party that HKIB engages to administer and/or conduct services for and on behalf of HKIB;
- ♦ to promote and provide various HKIB member services to Participants;
- ♦ to serve other purposes as permitted by law; and
- ♦ to serve any other purposes as maybe agreed between the Participants and HKIB

2. HKIB will keep the personal data of Participants' confidential. Nevertheless, during its operations, HKIB may compare, transfer or exchange their data with the data already possessed, or obtained hereafter, by HKIB for these or any other purposes
3. HKIB is also obliged professionally to process the personal data fairly, confidentially and lawfully.
4. The provision of personal data or any information is voluntary, however, failure to provide the requested personal data may result in HKIB being unable to process Participants' request, perform its statutory functions or deliver its services to Participants.
5. HKIB may contact the Participants if we require confirmation of his/her identity or further information about the data requested which may assist HKIB to locate his/her personal data before complying with his/her request.
6. HKIB will only use the data for specifically or directly-related purposes, as outlined on its application form and the accompanying explanatory notes, if any. No exception to this rule is permitted without the express permission of HKIB involved.
7. HKIB recognises the sensitive and highly confidential nature of much of the personal data which it handles and maintains a high level of security in its work. HKIB has well-established guidelines and procedures for maintaining security of all personal data, both on hard copies and in computer-readable form.
8. HKIB will do its best to ensure compliance with the Ordinance by providing guidelines to and monitoring compliance of the relevant parties. However, HKIB cannot control how third parties use Participants' personal information and assumes no responsibility for the privacy protection provided by such third parties.
9. The means of Participants' communications with HKIB, including online, by email, text message (SMS), via HKIB's customer hotline (or otherwise) may be recorded and retained for training and record-keeping purposes. Records may be used to monitor the quality of the assistance given and to verify the matters discussed.

Personal data protection at regions outside Hong Kong would be subject to the requirements of their own jurisdictions.

Responsibility and Rights of Candidates

Participants are required to keep HKIB informed of any changes in their personal data once they have enrolled as Participants for services offered by HKIB or an examination, and until such time the service is completed or as Participants have completed the examination. HKIB has well-established procedures to verify and to process the amendment of Participants' personal entry particulars. After the data obtained from the application forms have been captured, processed and checked, hard copies, for example Participants' information checklists or attendance notice, may be produced for all services offered by HKIB in order to ensure the accuracy of the personal entry data.

Participants may have the right, under the Ordinance, to request access to, or correction of any data provided by them as per the manner and limitations prescribed therein. As the Ordinance allows, HKIB has the right to charge a reasonable fee for the processing of any request for data access

Participants who request access to data or for the correction of their data should do so in writing to HKIB. Participants should also write to HKIB if they do not want to receive any information on services offered by HKIB.

Data Retention

Unless otherwise agreed, hard copies of any documents containing Participants' personal data that they have provided to HKIB become the property of HKIB. HKIB will destroy any documents it holds in accordance with its internal policy and applicable laws.

Personal data will be retained only for such period as may be necessary for carrying out the purposes stated in this policy or as otherwise specified at the time of collection. In some circumstances, HKIB may retain certain records for other legitimate reasons, including to resolve any potential disputes, cross-check against future examination enrolment, if applicable, and to comply with other reporting and retention obligation.

Transfer of Personal Data Outside of Hong Kong

At times it may be necessary and prudent for HKIB to transfer certain personal data to places outside Hong Kong SAR in order to carry out the purposes, or directly related purposes, for which the personal data were collected. Where such a transfer is performed, it will be done in compliance with the requirements of the Ordinance.

Amendments

The HKIB reserves the right to change or modify its privacy policy at any time and without prior notice. Any such change or modification shall be effective immediately upon posting of the changes and modification on this website.

Enquiry

All access / correction requests and any enquiries about this privacy policy statement should be directed to HKIB at the address and telephone numbers below:

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