

## Module Outline

<b>Module Title:</b>	Future Banking and ESG
<b>QF Level:</b>	Reference is being taken to HKQF Level 4
<b>Programme Credit:</b>	10 Credits for the Advanced Diploma of Certified Banker (9 training hours and 1.5 examination hours)
<b>Teaching/Training &amp; Learning Activities:</b>	Training Class
<b>Pre-requisite:</b>	N/A

### Module Objective:

This module aims to provide candidates with a solid background and overview of the various facets of the banking service sectors and how they are generally operated under the financial markets and systems. It will also equip the candidates with essential knowledge about the development of the banking business, operations and products which including the highlights of financial technology and ESG areas.

### Module Intended Learning Outcome (MILO) and Unit of Competency (UoC)

Upon completion of the module, learners should be able to:

MILO1:	Distinguish the functions of the financial markets and systems and interpret their implications to the development of the banking business and operations;	109609L4 109610L4
MILO2:	Describe the regulatory framework and requirements to banking services and operations;	109329L3/107398L3 107516L4 107592L4 107520L4
MILO3:	Identify relevant banking services and products to satisfy customers' needs;	
MILO4:	Recognise the latest developments and emerging trend of financial technology in banking industry; and	
MILO5:	Understand the framework and future development of ESG and sustainable finance in banking industry.	

### Assessment Activity

Type of Assessment Activity	MILOs	Weighting (%)
Examination	MILO 1-5	100

### Examination Format and Duration

Time allowed: 1.5 hours

The examination consists of 50 multiple choice questions

Passing mark for this subject is 70%

## Syllabus

<b>Chapter 1: Financial Systems and Markets</b>	
<b>1</b>	<b>Introduction to financial institutions</b> 1.1 - Nature 1.2 - Roles 1.3 - Classification of financial institutions
<b>2</b>	<b>The global financial system</b> 2.1 - US financial system 2.2 - UK and European financial systems 2.3 - China's financial system 2.4 - Role and function of a central bank <ul style="list-style-type: none"> <li>▪ Monetary policy</li> <li>▪ Banking supervision</li> <li>▪ Reliability of payment systems</li> <li>▪ Lender of last resort</li> <li>▪ Banker of governments</li> <li>▪ Issuer of currency</li> </ul>
<b>3</b>	<b>The Hong Kong financial system and markets</b> 3.1 - Governing structure 3.2 - Money supply in Hong Kong 3.3 - Linked Exchange Rate System 3.4 - Financial markets <ul style="list-style-type: none"> <li>▪ Hong Kong Dollar inter-bank market</li> <li>▪ Capital market</li> <li>▪ Commodities market</li> <li>▪ Derivatives market</li> <li>▪ Interest rate market</li> <li>▪ Money market</li> </ul>
<b>Chapter 2: Banking Systems and Regulations</b>	
<b>1</b>	<b>Banking systems</b> 1.1 - Functions of banking systems 1.2 - Banking systems in Hong Kong 1.3 - Banking systems in Mainland China 1.4 - Banking systems in the US

<b>2</b>	<b>Banking regulations</b>
2.1	- Banking regulations <ul style="list-style-type: none"> <li>▪ Basel Capital Accord</li> <li>▪ The Banking Ordinance</li> <li>▪ Hong Kong Monetary Authority (HKMA) Guidelines</li> <li>▪ Supervisory Policy Manual (SPM)</li> <li>▪ The Code of Banking Practice</li> <li>▪ Deposit Protection Scheme</li> </ul>
2.2	- Risk management <ul style="list-style-type: none"> <li>▪ Types of risks</li> <li>▪ Sound risk management practice</li> </ul>
2.3	- Corporate governance
<b>Chapter 3: Banking products, services, and operations</b>	
<b>1</b>	<b>Retail banking products, services and operations</b>
1.1	- Retail banking customers
1.2	- Retail banking products
1.3	- Retail banking operations
<b>2</b>	<b>Institutional banking products, services and operations</b>
2.1	- Institutional banking customers
2.2	- Institutional banking products
2.3	- Institutional banking operations
<b>3</b>	<b>Private banking / Private wealth management (PWM)</b>
3.1	- Private banking customers
3.2	- Private banking products
3.3	- Private banking operations
<b>4</b>	<b>Investment banking</b>
4.1	- Investment banking customers
4.2	- Investment banking products
4.3	- Investment banking operations
<b>5</b>	<b>Virtual banking</b>
<b>Chapter 4: Financial technology (Fintech)</b>	
<b>1</b>	<b>Emergence of Fintech</b>

<b>2</b>	<b>Value propositions of Fintech</b>
<b>3</b>	<b>Contemporary Fintech applications in banking</b>
3.1	- Backend processes mobile payments
3.2	- Digital ID and KYC Utility
3.3	- Robo-advisory
<b>4</b>	<b>Emerging technologies for Fintech</b>
4.1	- 5G
4.2	- Digital technology
4.3	- Artificial intelligence
4.4	- Blockchain
4.5	- Cloud computing
4.6	- Data
<b>5</b>	<b>Emerging risks of Fintech</b>
5.1	- Moral Risk
5.2	- Data Privacy
5.3	- Cybersecurity
5.4	- Financial Stability Risk
<b>6</b>	<b>Future development and challenges of Fintech in banking industry</b>
<b>Chapter 5: Environmental, Social, and Governance (ESG) and Sustainable Finance</b>	
<b>1</b>	<b>Introduction to ESG</b>
1.1	- Overview of ESG
1.2	- Environmental factors
1.3	- Social factors
1.4	- Governance factors
1.5	- Internationally recognized ESG rating system
<b>2</b>	<b>Emerging ESG risks and its mitigation and control</b>
2.1	- Environmental risks
2.2	- Social risks
2.3	- Governance risks
<b>3</b>	<b>ESG engagement, application and stewardship</b>
3.1	- Benefits, opportunities and challenges for financial institutions
3.2	- ESG stewardship
3.3	- ESG and organization strategy

3.4	- Case demonstration
<b>4</b>	<b>ESG reporting</b>
4.1	- Task Force on Climate-related Financial Disclosures (TCFD)
4.2	- Hong Kong Stock Exchange (HKEX) ESG Reporting Guide
<b>5</b>	<b>ESG regulations</b>
5.1	- The Network of Central Banks and Supervisors for Greening the Financial System (NGFS)
5.2	- Common Assessment Framework on Green and Sustainable Banking (HKMA)
5.3	- Strategic Framework for Green Finance (SFC)
<b>6</b>	<b>Overview of the framework of sustainable finance</b>
6.1	- Sustainable finance: An overview
6.2	- Sustainable finance framework and opportunities
6.3	- Latest development of sustainable finance in Hong Kong with positioning as regional hub
<b>7</b>	<b>Future development of ESG and sustainable finance in banking industry</b>

### **Essential Reading**

1. HKIB Study Guide – Future Banking and ESG (2022)

### **Supplementary Readings:**

1. HKIB E-learning Course No. 53 – Financial Privacy
2. HKIB E-learning Course No. 63 – International Trade Services
3. HKIB E-learning Course No. 64 – Introduction to Bank Lending Environment

### **Further Readings:**

1. HKIB E-learning Course No. 33 – Global Banking Supervision
2. HKIB E-learning Course No. 50 – UCP600
3. John R. Boatright. (2008). Ethics in Finance (2nd ed.). Wiley-Blackwell