

BANKING

24-hour course

Rudi Vander Vennet

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Course Outline

This course provides Participants with a thorough understanding of the main management issues in banks and insurance companies.

It identifies and analyses the main profitability / risk trade-offs in banks, and articulates the main patterns in terms of performance and risk profile. It provides insights in the asset-liability management of banks.

A lot of attention is devoted to the evolving regulatory and economic environment, especially the Basel 3 framework for banks and the environment of persistently low interest rates.

Students are also required to prepare and defend group assignments in which they apply analytical skills and quantitative techniques to analyse topics in European banks.

At the end of the course, Participants will be able to:

- identify and analyse the main profitability/risk trade-offs in banking
- identify important trends in European banking and their implications for business models
- articulate and understand strategic issues in banks' asset and liabilities management
- understand the implications of the new regulatory environment in banking (especially Basel 3) and analyse the consequences of the new capital and liquidity rules
- understand and apply state of the art quantitative techniques to tackle the main ALM issues in modern banks
- relate bank-specific findings to the larger body of academic research in the area of financial intermediation and banking

Course structure

- I. Bank performance and accounting based analysis**
 - a. Profit/risk trade-off
 - b. Profitability decomposition
- II. European bank performance: trends and market-based analysis**
 - a. Return on equity versus cost of equity
 - b. Bank risk decomposition
 - c. Cost of funding
- III. Interest rate risk**
 - a. Duration analysis
 - b. Yield curve
- IV. Asset and liabilities management**
 - a. Internal transfer pricing
 - b. Liquidity risks
- V. The Basel regulatory framework**
 - a. Capital adequacy rules
 - b. LCR and NSFR
 - c. Impact analysis of capital and liquidity rules