**The Institute of Banker’s, Bangladesh (IBB)**

**Management of Financial Institutions (MFI)**

**DAIBB Program**

**General Information:**

* **Course Title : Management of Financial Institutions (MFI)**
* **Course Code :** MFI-604
* **Class Schedule :** From 6:30 PM to 8:30 PM
* **Course Teacher :** **Md. Nurul Hoque**

MBA, DAIBB (IBB), MBM (UK), BCS (Edu)

 Deputy General Manager

 Sonali Bank Limited

 **Part time Teacher**: EMBA (DU), IBB(BB), & East West university

* **Contact details :** Phone no:01711971494, 01755620481, 9332302 (R) , **Email:** dgmnurulhoque@yahoo.com
* **Text Book:** Fundamentals of Financial Institutions Management- 5th Edition. International Students Version - Cornett M. and Anthony Saunders.
* **Reference Book :** 1) Lecture Sheet 2) Core Risk Management Guideline of BB 3) The Economics of Money, Banking and Financial Markets by Harper Collins
* **Course Objectives :**

**Focus on nature of financial institutions and it’s importance and services; Financial service industry and financial markets; Risk of the balance sheet; Credit and portfolio of assets; Liability and liquidity management; Risk: measurement and management; Off balance sheet risk; Other risks and bank performance measurement; Development of understanding on ALM; Managing sources of fund and capital management under BASEL framework; Risk identification, Measurement, Mitigation and core risk management.**

 **Page-2**

**Lecture Plan**

* **Lecture-1-2: Introduction to Financial Institutions:**
* **An overview of banks and Non-banks system and their services, impact of Govt. policy and regulation.**
* **International sanction; UN, UNSCR, EU, OFAC etc.**
* **Financial statement of financial institution.**
* **Financial intermediaries and advantages enjoyed by market participants.**
* **NBFIs and it’s Services and use of fund; role of NBFIs in economy.**
* **Various concept of electronic banking.**
* **Important role of modern banking, bankers-customers relations; Rights, obligations, lien, banker’s lien and garnishee order, lender vs service provider.**
* **Islamic banking and Insurance; nature, role and requirement.**
* **Financial intermediaries and financial spread sheets.**
* **Liquidity measurement and management, unhealthy competition & non-performing loan.**
* **Financial markets, financial instruments; money market and capital markets; area, operations and role in financial sectors.**
* **Recent financial scams and its effects in banking sectors.**
* **Recent trend, scenario, problems, new products/services and development in BFIs and NBFIs.**
* **Need to know-SME financing ,Green banking, Agent banking & mobile financial services, unit vs branch banking; plastic money, debit and credit card, KYC-KYE, CDD-EDD, IPs, PEPs, CTR, STR, SAR, TP, Walk in customers, PPI, NID, legacy accounts, type of deposit accounts, investment company; types & functions, role of BB, need of more private bank, new interest rate policy, funded & non-funded loan, payment in due course, MICR,**

 **Page-3**

* **Lecture-3-4:** **Assets Liability Management (ALM) Techniques:**
* Risk components and Core risk; management techniques ALM objectives.
* **ALM techniques, targets, indicators, strategic and weakness.**
* **Balance sheet analysis- Assets and Liability and equity; off balance sheet liabilities.**
* **Assets liability management policies- balance sheet and Cash flow analysis, maturity mismatch, liquidity contingency plan and regulatory compliance.**
* **Market risk, capital adequacy under BASEL approach.**
* **Compliances of money laundering law and regulations, money laundering Act-2012. FATF recommendations.**
* **Off balance sheet portfolio item.**
* **Need to know-CCU, CAMLCO, BAMLCO, BFIU, STR, SAR, AML/CFT, KYC, KYE, CTR, STR.**
* **Business and market risk: Identification, measurement, mitigation and management of risk.**
* **Adjustment of risk and income on investment; Investment decision- capital budgeting, capital rationing, liquidity and AD ratio management, effect on performance of FIs.**
* **Loan syndication, borrower selection and deposit mixing,**

 **Page-4**

* **Lecture -5-6: Managing Sources of Fund:**

* **Fund and Various sources fund:**
1. **Balance sheet sources**
2. **Off balance sheet sources; contract-forward and future, option- call and put option, SWAPS, Securitization and lone sale.**
3. **Derivative sources**
4. **Securitization and loan sale.**
* **Management of capital adequacy under BASEL-1,11&111:**
1. **Minimum capital requirement (MCR)**
2. **Adequate capital and need for capital adequacy**
3. **Core capital**
4. **Supplementary capital**
5. **Addl. Supplementary capital**
6. **Capital adequacy as BASEL approach,pillar-1,2 & 3**
7. **Cost of fund and implication of interest rate(single digit).**
8. **Credit risk, market risk and operational risk.**
9. **Regulatory capital; Tier-1 capital, Tier-2 capital, Tier- 3 capital.**
10. **Basel -11 vs Basel-111.**

 **Page-5**

* **Lecture-7-8 :Profitability, Productivity and consumer :**
* **Measuring and evaluation of financial performances**
* **Financial statement analysis; balance sheet, cash flow, and liquidity analysis.**
* **Reformulating analysis: adjustment and measurement of errors; financial ratio analysis.**
* **Objectives and importance of FSA.**
* **Tools of financial analysis**
* **Financial forecasting**
* **Determine the profitability; profitability ratios-ROA,ROI, ROE,ROS,GPM,OPM and EPS, NIM, NOM,**
* **Ensuring tools; components, importance; CAMELS rating, credit risk grading (CRG), early alert warning by BB, Stress testing, self-assessment and audit.**
* **Need to know- Non-performing loan & effect on profitability,**

 **Lecture; 9-10: Risk management of financial institutions:**

* **Risk and uncertainty in BFIs and NBFIs.**
* **Core risk; Guideline of Bangladesh bank; Policy guideline and procedural guideline.**
* **Risk components.**
* **Risk management; Identification, measurement, control, mitigation and monitoring.**
* **Evaluation of risk: Financial risk, business risk, management risk, security and relationship risk.**

 **Page-6**

* **Risk control techniques: CAMELS rating, credit risk Grading, implementation of BASEL approach, fund flow analysis, credit rating and SWOT analysis.**
* **Loan classification and provisioning; nonperforming assets.**
* **Liquidity and liability management.**
* **Loan portfolio management, selection of business and borrower, sanction, disbursement and monitoring of loan.**
* **Core risk, market risk, operational risk and reputation risk.**
* **Need to know- IPs & PEPs, KYC & KYE, CDD & EDD, CTR & STR, Independent testing procedures and self-assessment report.**
* **Lecture: 11-12:Islamic banking and insurance business in Bangladesh:**
* **Islamic banking system.**
* **Insurance; life, fire and marine insurance**.
* **Overview on course and discussion on importance issues for examination.**

 =========0=========