

LIBF Level 4 International Banking & Finance Certificate - Intermediate (IBCI)

Qualification Specification



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Purpose of the qualification

Why study the International Banking & Finance Certificate - Intermediate (IBCI)?

The Level 4¹ International Banking & Finance Certificate – Intermediate (IBCI) has been designed to further develop and enhance your knowledge and understanding of banking and finance, and provide the option to study specific role-related areas of banking and finance in more depth.

This course takes an international perspective, looking at typical banking and finance products, services and processes. Unit 1 provides comprehensive learning across the breadth of banking functions, while the choice of option Unit provides you with the opportunity to focus on a specialised area of banking and finance that best fits your career aspirations and strengths.

As you progress through the qualification, you will have the ability and opportunity to apply the knowledge gained in your role and allow you to develop both personally and professionally.

This qualification has been developed for early career staff looking to progress their career in specialist areas of banking and finance. The specific area of study will depend on the Unit 2 option unit taken from:

- i. Corporate Banking;
- ii. Investment Banking and Markets;
- iii. Risk and Credit, and;
- iv. Compliance.

Objective

To provide early career banking staff in international financial centres with an intermediate level knowledge of the banking sector, banking products and services, and be able to perform in specialised areas of banking including Investment Banking; Corporate Banking; Risk and Credit, or Compliance.

¹ Benchmarked against descriptors at Level 4 of the UK Regulated Qualifications Framework (RQF)

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Key content areas

- The banking environment;
- How banking is changing to meet customer needs;
- Corporate credit risk analysis and the structure of credit proposals;
- Identifying suitable products and services for corporate banking clients;
- The relationship between credit and risk;
- The nature of banking risk and risk mitigation approaches;
- The process of portfolio construction and asset allocation across customer segments in investment banking;
- The use of and processes for accessing fixed income, equity and syndicated loan markets;
- The importance of the compliance function and means to address financial crime and fraud risks.

Qualification learning outcomes

IBCI is made up of two units, the first unit is mandatory. The second unit is chosen from a list of option Units. A pass in both units must be achieved to be awarded the qualification.

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On completing the following Units you will:

LO	Detail
Unit 1: Intermediate Banking & Finance (IIBF)	
LO1	Interpret a balance sheet, income statement and cash flow statement
LO2	Understand and analyse the changing nature of retail and private banking
LO3	Understand the role of corporate banking
LO4	Understand the role of investment banking
LO5	Understand the role of governance and compliance in banking
LO6	Identify risk and assess risk in banking

LO	Detail
Unit 2 option: Corporate Banking (CORB)	
LO1	Understand the role of corporate banking in financial institutions
LO2	Analyse the credit risk of a corporate customer and the structure of a credit proposal for a lending transaction
LO3	Understand the terminology, use of and the process for accessing the loan and syndicated loan markets
LO4	Understand the terminology and use of trade financing techniques
LO5	Understand the terminology, use of and the process for accessing both the fixed income and equity markets
LO6	Interpret the nature of market risk related to corporate risk management and how it is measured and managed
LO7	Analyse and apply the range of derivative products available for managing financial risks and identify how they can be applied to solve customer problems
Unit 2 option: Investment Banking & Markets (INVB)	
LO1	Understand the role of investment banking and the main differences to a corporate bank
LO2	Understand the main methods used to estimate the value of a business and calculate a valuation using DCF or trading comparables analysis
LO3	Understand and apply accounting for transactions, transaction processes and transaction analysis

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LO4	Apply the terminology, use of and the process for accessing the fixed income markets
LO5	Apply the terminology, use of and the process for accessing the equity markets
LO6	Apply the terminology, use of and the process for accessing syndicated loan markets
LO7	Understand the range of derivative products available for managing financial risks and explain how they can be applied to solve customer problems
LO8	Understand the nature of market risk and how it is measured and managed
Unit 2 option: Risk and Credit (RSCR)	
LO1	Understand the key issues relating to a typical bank's risk governance
LO2	Understand and assess credit risk
LO3	Assess non-performing loans and defaults
LO4	Analyse and assess risk in market products
LO5	Assess the nature of market risk and how it is measured, calculated and managed
LO6	Understand and assess operational risk within a bank
LO7	Understand the nature of reputational, liquidity and strategic risk
LO8	Understand the Basel regime and its effects on how banks measure and manage risk
Unit 2 option: Compliance (COMP)	
LO1	Define the role of compliance
LO2	Analyse international regulations
LO3	Analyse international best practice in compliance
LO4	Understand and apply local rules and regulations
LO5	Assess the risks associated with financial crime.
LO6	Understand the role of compliance organisations and regulation.
LO7	Explain the role of ethical behaviour and corporate governance.
LO8	Analyse the challenges with market abuse

Key skills developed

The qualification will encourage you to:

- gain a sound understanding of the banking sector, and changing customer needs;
- develop specialist knowledge of key banking functions eg Investment Banking; Corporate Banking; Risk and Credit and Compliance depending on the option unit taken.
- demonstrate numeracy skills, including the ability to manipulate financial ratios and other numerical data;

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- use appropriate data and information from a range of sources to make financial decisions;
- increase your ability to work and learn independently.

Entry requirements

This course is open to those who have previously successfully completed the Level 3 International Banking & Finance Certificate – Foundation (IBCF) or recognised equivalent. If you do not hold the IBCF qualification you may be required to take the IBCI Diagnostic before being considered for entry onto the programme. You also need to be satisfied of your ability to study and sit a formal assessment in English at this educational level. We would strongly recommend that you have previously successfully studied to this level in English.

Recognition of prior learning

The London Institute of Banking & Finance recognises prior learning in different forms. Potentially this means that you may not be required to register for every unit. Details of how to apply for recognition of prior learning are available on our website.

Progression and preparation for further study

When you have successfully completed the Level 4 International Banking & Finance Certificate – Intermediate (IBCI), there are opportunities for further study with The London Institute of Banking & Finance. Our [Professional Qualifications](#) cover a wide range of topics and areas including retail and corporate banking, trade finance, and other specialist qualifications.

Preparation for employment / professional development

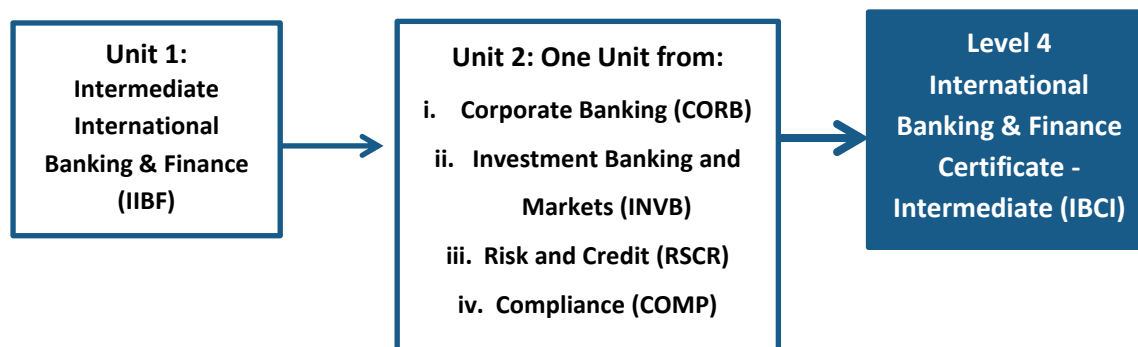
This qualification has been designed for new entrants and early career staff within retail, corporate and investment banking or those in a credit, risk or compliance role. It develops knowledge and understanding and enhances skills that are valued within a broad range of roles in banking.

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Structure

IBCI is made up of two units, the first one is mandatory. The second unit is chosen from a list of option Units. A pass in both units must be achieved to be awarded the qualification:



The detailed unit syllabuses are available as an Appendix to this document and the latest version is available through our course site.

Total Qualification Time (TQT)

Total Qualification Time (TQT) is a prediction of the total time the typical student may need to complete the course.

IBCI is primarily considered a distance learning qualification assessed via online examination for each Unit. The total qualification time is 156 hours, which includes time spent reading the learning materials, undertaking the in-text exercises, attending revision workshops, and preparing for and sitting the examination.

Learning resources

Study for the IBCI qualification is undertaken part-time on a distance-learning basis, supported by comprehensive learning materials, revision workshops and practice assessment.

Students are provided with the following learning resources:

- online study materials including a series of workbooks with embedded exercises;
- online access to additional resources through MyLIBF- www.myLIBF.ac.uk;
- access to KnowledgeBank (virtual library) through MyLIBF;
- study skills resources;
- unit syllabuses;
- specimen examination papers;

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- student forum; and
- student handbook.

Preparing for the assessment

To prepare for each assessment, you should make use of all learning resources as described in the section above. Learning resources will be available to you in the online course site. It is also recommended that you attend the course-related revision workshops..

The examination is sat electronically. Once you are registered you will be advised of your examination date, time and location.

Assessment

All units are assessed through a two hour mandatory multiple-choice examination. A total of 50 marks are available for each Unit comprising 35 marks in part 1 and 15 marks in part 2. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. The structure of the assessment ensures that all aspects of the course content are subject to external examination.

You will need to have made an attempt at Unit 1 before progressing to Unit 2. Note that both units need to be passed in order to achieve the qualification.

For all units:

- Part 1: an electronic assessment with 35 multiple choice questions. This component is worth 35 marks.
- Part 2: An electronic assessment with three mini cases studies, each with five linked multiple choice questions. This component is worth 15 marks.

Feedback for MCQ assessments is provided in your analysis sheets (available on www.mylibf.ac.uk) for the qualification.

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Qualification grading

IBCI has two units, which must be successfully passed. To achieve a pass in the qualification, you must achieve a mark of 60% in each unit. The units and qualification are graded and higher level passes are identified at merit (70%) and distinction (80%) level.

Grade	Pass mark
Pass	60%
Merit	70%
Distinction	80%

Resit attempts

The qualification has a 12 month registration period. Within that time, if you are unsuccessful in your first attempt at the examination, you will have the opportunity to resit upon payment of the appropriate fee. Please contact The London Institute of Banking & Finance or LIBF MENA to discuss re-sit attempts further.

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Appendices

Appendix 1 – Summary detail

This document describes the summary detail that is applicable to the qualification.

Qualification title	LIBF Level 4 International Banking & Finance Certificate – Intermediate (IBCI)
Ofqual qualification number	603 / 5275 / 9
Qualification level (RQF)	4
European Qualifications Framework (EQF) level	5
Qualification Type	Vocationally-Related Qualification
Guided learning hours	16
Total qualification time	156 hours
Total credits	16
Sector Subject Area	15. Business, Administration, Finance and Law
Sub SSA	Sub SSA
Overall grading type	Pass/Merit/Distinction
Assessment methods	Multiple-choice examination
Available in	England, Wales and Northern Ireland, and Internationally.
Qualification for ages	19+
Operational start date	18 November 2019
Qualification description	The LIBF Level 4 International Banking & Finance Certificate – Intermediate (IBCI) consists of one mandatory unit and one unit to be taken from a list of option units. A total credit value of 16 must be obtained for achievement of the qualification.

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Appendix 2 – Unit 1 Unit Details: Intermediate International Banking & Finance (IIBF)

IIBF is a mandatory Unit and must be taken as part of the IBCI qualification. This section describes the IIBF unit and provides detail on syllabus content, learning outcomes and assessment criteria.

Unit description

This unit introduces you to the importance of banking functions in international centres by focusing on changing retail and commercial banking customer needs; the role of the compliance function, how banks identify and mitigate risks and the products and services offered by corporate and investment banking divisions.

You will gain an appreciation of the terminology used in different bank divisions and how to respond to risk and compliance indicators. You will also learn how to apply your knowledge of the breadth of banking products and services in order to reach satisfactory solutions for the range of customers and their needs across retail, commercial and investment banking.

Unit title	Intermediate International Banking & Finance (IIBF)
Unit level	4
Unit credit value	8 credits
Typical study hours	78

Unit 1 Assessment Methodology

The assessment of IIBF has one component:

- i. An electronic assessment with multiple choice questions via a two hour multiple-choice examination.
 - a. Part 1 with 35 multiple choice questions. This component is worth 35 marks.
 - b. Part 2 with three mini cases studies, each with five linked multiple choice questions. This component is worth 15 marks.
- ii. A total of 50 marks are available.
- iii. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. Higher level passes are achieved at merit (70%) and distinction (80%) level.

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Unit 1 learning outcomes / assessment criteria

Learning outcome (LO)	Assessment criteria (AC)
<p>The learner will:</p>	<p>The learner can:</p>
<p>LO1. Interpret a balance sheet, income statement and cash flow statement</p>	<p>AC1.1 Identify the different components of a Balance Sheet to understand a customer's financial position AC1.2 Identify what the different lines in the Income Statement represent and assess a corporate customer's financial performance AC1.3 Apply balance sheet knowledge and analyse a Cash Flow Statement to understand a corporate customer's cash flow.</p>
<p>LO2. Understand and analyse the changing nature of retail and private banking</p>	<p>AC2.1 Identify how banking products are sold AC2.2 Examine changing patterns of distribution channels for retail customers AC2.3 Analyse the need for banks to service both sides of the retail customer's 'balance sheet' AC2.4 Demonstrate an understanding of the customer life cycle and the individual investment needs AC2.5 Identify the rationale behind investment styles AC2.6 Identify the theory of portfolio construction and portfolio performance measurement</p>
<p>LO3. Understand the role of corporate banking</p>	<p>AC3.1 Analyse the lifecycle of a transaction eg market trade, loan, capital markets issue AC3.2 Identify the different types of corporate client that a corporate bank serves AC3.3 Understand how a bank uses different channels to provide products and services to different clients AC3.4 Understand the importance of generating increased fee income from corporate customers</p>
<p>LO4. Understand the role of investment banking</p>	<p>AC4.1 Understand the fundamentals of investment banking AC4.2 Understand the role of an investment bank in capital raising via capital markets AC4.3 Assess the main risks in an investment bank and how they are managed</p>
<p>LO5. Understand the role of governance and compliance in banking</p>	<p>AC5.1 Understand the need for controls within financial institutions AC5.2 Assess the three lines of defence model and roles and responsibilities AC5.3 Examine the process of protecting a bank against financial crime and fraud AC5.4 Understand the new developments in compliance and governance</p>
<p>LO6. Identify risk and assess risk in banking</p>	<p>AC6.1 Understand the multi-faceted nature of risk in banking AC6.2 Review instances of major financial crises since the 19th Century and what lessons can be drawn from these AC6.3 Understand the main causes of bank failure AC6.4 Define the main risk types in banking</p>

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	AC6.5 Analyse what is meant by 'risk culture' for a bank AC6.6 Identify signs of distress
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Indicative content Intermediate International Banking & Finance (IIBF)

UNIT 1 SYLLABUS LOs / ACs	
LO 1	Interpret a Balance sheet, income statement, and cash flow statement
AC1.1	<p>Identify the different components of a Balance Sheet to understand a customer's financial position</p> <ul style="list-style-type: none"> • Current assets and current liabilities (Working capital) • Non-current assets and non-current liabilities • Components of Equity eg types of shareholder (voting/non-voting, ordinary/preferred) • Retained earnings
AC1.2	<p>Identify what the different lines in the Income Statement represent and assess a corporate customer's financial performance</p> <ul style="list-style-type: none"> • Above and Below the Line • Calculate EBIT and EBITDA
AC1.3	<p>Apply balance sheet knowledge and analyse a Cash Flow Statement to understand a corporate customer's cash flow. Understand the relevance of the following:</p> <ul style="list-style-type: none"> • Cash flow from operations (CFO) • Cash flow from investments (CFI) • Cash flow from financing activities (CFF) • WACC
LO2	Understand and analyse the changing nature of retail and private banking
AC2.1	<p>Identify how banking products are sold</p> <ul style="list-style-type: none"> • Product approval process • Risk mapping • Customer segmentation
AC2.2	<p>Examine changing patterns of distribution channels for retail customers</p> <ul style="list-style-type: none"> • Mobile and internet banking • Challenger banks • Block chain • Crypto-currency • Non fungible tokens • Maintaining customer loyalty
AC2.3	<p>Analyse the need for banks to service both sides of the retail customer's 'balance sheet'</p> <ul style="list-style-type: none"> • The revenue growth challenge: <ul style="list-style-type: none"> – Customer assets - savings and investment – Customer liabilities - mortgages, personal loans • Pricing retail products and services • Competition (new market entrants and internet only operators)
AC 2.4	<p>Demonstrate an understanding of the customer life cycle and the individual investment needs</p> <ul style="list-style-type: none"> • Asset management customer life cycle • Key competencies of an asset manager • Acquiring and retaining asset management customers • Customer and product suitability and product mapping • Understanding customer biases

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UNIT 1 SYLLABUS LOs / ACs	
AC2.5	Identify the rationale behind investment styles <ul style="list-style-type: none"> Investment style: Active versus passive, growth versus value investing, small cap versus large cap companies Style rotation, sector rotation, strategic and tactical allocation
AC2.6	Identify the theory of portfolio construction and portfolio performance measurement <ul style="list-style-type: none"> Portfolio construction and asset allocation Performance measurement and performance attribution Performance evaluation metrics
LO3	Understand the role of corporate banking
AC3.1	Analyse the lifecycle of a transaction eg market trade, loan, capital markets issue <ul style="list-style-type: none"> Define a transaction, the process of creation and pre-trade checks
AC3.2	Identify the different types of corporate client that a corporate bank serves <ul style="list-style-type: none"> Understanding market segmentation Defining the client relationship Transactional, cross selling Advisory and 'first call'
AC 3.3	Understand how a bank uses different channels to provide products and services to different clients <ul style="list-style-type: none"> Bank lending products Developments in banking prompted by Fintech and digital developments Strategic banking relationships
AC 3.4	Understand the importance of generating increased fee income from corporate customers <ul style="list-style-type: none"> Transaction banking, trade finance, cash management and revenue sources Market and risk management services Working capital structures Investment banking, alternative funding sources
LO4	Understand the role of investment banking
AC4.1	Understand the fundamentals of investment banking <ul style="list-style-type: none"> Investment products Market segmentation Key competencies of an investment banker
AC4.2	Understand the role of an investment bank in capital raising via capital markets <ul style="list-style-type: none"> Define the issuance and underwriting process for commercial paper, fixed income and equity markets
AC4.3	Assess the main risks in an investment bank and how they are managed
LO5	Understand the role of governance and compliance in banking
AC 5.1	Understand the need for controls within financial institutions <ul style="list-style-type: none"> Regulatory requirements Stability of the financial system Financial fraud Corporate culture
AC5.2	Assess the Three lines of defence model and the role and responsibilities of: <ul style="list-style-type: none"> the first line of defence - business management the second line of defence – risk and compliance the third line of defence - audit

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UNIT 1 SYLLABUS LOs / ACs	
AC5.3	Examine the process of protecting a bank against financial crime and fraud <ul style="list-style-type: none"> • Know your customer (KYC) controls • Anti-money laundering (ALM) controls • Combatting the financing of terrorism (CFT) • Bank regulation under Basel IV and enhanced risk management procedures
AC5.4	Understand the new developments in compliance and governance <ul style="list-style-type: none"> • Crypto-currency • Environmental, Social and Governance (ESG) • Non-fungible tokens
LO6	Identify risk and assess risk in banking
AC6.1	Understand the multi-faceted nature of risk in banking
AC6.2	Review instances of major financial crises since the 19 th Century and what lessons can be drawn from these
AC6.3	Understand the main causes of bank failure
AC6.4	Define the main risk types in banking <ul style="list-style-type: none"> • Credit risk • Market risk • Operational risk • Conduct risk • Cyber risk • Reputational risk • Regulatory risk
AC6.5	Analyse what is meant by 'risk culture' for a bank
AC6.6	Identify signs of distress in: <ul style="list-style-type: none"> • Retail and private banking • Corporate banking • Investment banking

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Appendix 3 Unit 2 Unit Details: Corporate Banking (CORB)

This section provides information about the Corporate Banking (CORB) unit, including syllabus content, learning outcomes and assessment criteria. CORB is an option unit within the IBCI qualification. You can take one option unit as part of the qualification.

Unit description

In this Unit you will consider the role of the corporate bank and the products and services offered to corporate customers. You will learn to analyse the credit risk of a corporate customer using quantitative and qualitative analysis, and identify suitable funding options based on your gained knowledge of equity and debt funding models and associated risks.

Unit title	Corporate Banking (CORB)
Unit level	4
Unit credit value	8 credits
Typical study hours	78

Unit 1 Assessment Methodology

The assessment of CORB has one component:

- i. An electronic assessment with multiple choice questions via a two hour multiple-choice examination.
 - a. Part 1 with 35 multiple choice questions. This component is worth 35 marks.
 - b. Part 2 with three mini cases studies, each with five linked multiple choice questions. This component is worth 15 marks.
- ii. A total of 50 marks are available.
- iii. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. Higher level passes are achieved at merit (70%) and distinction (80%) level.

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Unit 2 learning outcomes / assessment criteria for Corporate Banking (CORB)

Learning outcome (LO)	Assessment criteria (AC)
The learner will:	The learner can:
LO1. Understand the role of corporate banking in financial institutions	AC1.1 Understand the role of corporate banking within a financial institution AC1.2 Assess the advisory role of a relationship manager in relation to financing products and transaction banking services
LO2. Analyse the credit risk of a corporate customer and the structure of a credit proposal for a lending transaction	AC2.1 Calculate expected loss and required loan pricing to achieve a target Return on Equity (RoE) AC2.2 Be able to demonstrate an understanding of the contents of a typical corporate credit proposal covering qualitative and quantitative analysis and financial forecasts and consideration of risks and mitigants to provide a recommendation AC2.3 Calculate and interpret the different measures of cash flow used in credit analysis AC2.4 Estimate the debt capacity of a corporate customer that maintains acceptable credit standards AC2.5 Identify possible signs of distress AC2.6 Use a ratings methodology to estimate the probable credit rating for a corporate customer AC2.7 Identify the key features of a debt contract with respect to seniority, collateral and covenants
LO3. Understand the terminology, use of and the process for accessing the loan and syndicated loan markets	AC3.1 Understand syndicated loan pricing, the issuance process and regulation for new syndicated loan issues. AC3.2 Interpret the concept and development of project finance AC3.3 Describe asset based finance, the core products and risk management features of different products AC3.4 Identify and define the key products and terminology in Real estate finance.
LO4. Understand the terminology and use of trade financing techniques	AC4.1 Understand pre-shipment, post-shipment, letter of credit financing and the risks of confirming Letters of Credits
LO5. Understand the terminology, use of and the process for accessing both the fixed income and equity markets	AC5.1 Identify and interpret the key terms used in fixed income markets and types of bond investors AC5.2 Define the issuance process for fixed income and the international best practice connected to fixed income issuance AC5.3 Understand key equity market terminology AC5.4 Define the issuance process and international best practice for new equity issues
LO6. Interpret the nature of market risk related to corporate risk management and how it is measured and managed	AC6.1 Understand the nature of market risk within corporate risk management AC6.2 Detail the documentation associated with derivatives, marked-to market and market to credit risk

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LO7. Analyse and apply the range of derivative products available for managing financial risks and identify how they can be applied to solve customer problems

AC7.1 Calculate STIR settlement amounts and understand the use of interest rate option derivatives such as: Caps, floors and collars

AC7.2 Calculate FX NDF and swap settlement amounts

AC7.3 Understand the nature of swap spreads and risks of interest rate swaps

AC7.4 Calculate the cash flows and pricing terms of a CCS

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Unit 2 Indicative content for Corporate Banking (CORB)

UNIT 2 SYLLABUS LOs / ACs	
LO1	Understand the role of corporate banking in financial institutions
AC1.1	Understand the role of corporate banking within a financial institution <ul style="list-style-type: none"> • Differences between serving corporate and retail customers • Different services for different sizes of corporate customer • Role of corporate banking in generating business opportunities for product teams across the bank
AC1.2	Assess the advisory role of a relationship manager in relation to financing products and transaction banking services <ul style="list-style-type: none"> • Role of the RM in spotting opportunities to cross-sell products and services • Role of the RM in managing the day-to-day relationship, especially in connection with transaction banking services and provision of credit facilities
LO2	Analyse the credit risk of a corporate customer and the structure of a credit proposal for a lending transaction
AC2.1	Calculate expected loss and required loan pricing to achieve a target Return on Equity (RoE) <ul style="list-style-type: none"> • Default probability • Loss given default and recovery • Expected loss • Link between expected loss, risk weighting, cost income ratio, target RoE and required loan pricing
AC2.2	Be able to demonstrate an understanding of the contents of a typical corporate credit proposal covering qualitative and quantitative analysis and financial forecasts and consideration of risks and mitigants to provide a recommendation <p>Credit Risk Fundamentals</p> <ul style="list-style-type: none"> • Expected Loss ('EL') as the foundation of credit analysis • Is the return appropriate for the risk? • Target return on capital <p>Qualitative & Quantitative Analysis</p> <ul style="list-style-type: none"> • Key issues in qualitative analysis • Management and company quality • Define and explain key ratios for credit analysis • Suggested structure of a credit proposal
AC2.3	Calculate and interpret the different measures of cash flow used in credit analysis <p>Measuring cash flow</p> <ul style="list-style-type: none"> • 'Cleaning' the numbers for cash flow analysis • Different measures of cash flow and when to use them • Forecasting cash flow
AC2.4	Estimate the debt capacity of a corporate customer that maintains acceptable credit standards <ul style="list-style-type: none"> • Debt a firm can sustain while maintaining acceptable credit standards • Drivers of debt capacity • Key constraints

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UNIT 2 SYLLABUS LOs / ACs	
AC2.5	Identify possible signs of distress <ul style="list-style-type: none"> • Falling revenues and profits • Inventory build ups • Receivable bad debts • Borrowing to finance dividends or interest • Strategic challenges, especially around industry disruption from new entrants • Changes in financial policy
AC2.6	Use a ratings methodology to estimate the probable credit rating for a corporate customer <ul style="list-style-type: none"> • Rating agencies, rating methodologies and their ratings scales • Rating migration • Rating Agency preferred ratios
AC2.7	Identify the key features of a debt contract with respect to seniority, collateral and covenants <ul style="list-style-type: none"> • Documentation risk and term sheet contents • LMA standard loan documentation • Seniority and subordination and 'Absolute Priority Rule' (APR) • Collateral, security, covenants and events of default
LO3	Understand the terminology, use of and the process for accessing the loan and syndicated loan markets
AC3.1	Understand syndicated loan pricing, the issuance process and regulation for new syndicated loan issues <ul style="list-style-type: none"> • Understanding the syndication process • Define the standard documents as recommended by the Loan Market Association • Pricing a new issue and risks of underwriting
AC3.2	Interpret the concept and development of project finance <ul style="list-style-type: none"> • Finance for major capital projects, structuring transactions and operational risks • Documentation requirement for project finance
AC3.3	Describe asset based finance, the core products and risk management features of different products <ul style="list-style-type: none"> • Hire purchase, contract hire and leasing structures • Defining asset security, lease termination and end of lease
AC 3.4	Identify and define the key products and terminology in Real estate finance. <ul style="list-style-type: none"> • Due diligence and key considerations in reviewing applications. • Methods of development valuation.
LO4	Understand the terminology and use of trade financing techniques
AC4.1	Understand pre-shipment, post-shipment, letter of credit financing and the risks of confirming Letters of Credit. <ul style="list-style-type: none"> • Pre and post-shipment financing • Financing associated with letters of credit and the risks of confirming Letters of Credit
LO5	Understand the terminology, use of and the process for accessing both the fixed income and equity markets
AC5.1	Identify and interpret the key terms used in fixed income markets and types of bond investors

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UNIT 2 SYLLABUS LOs / ACs	
	<ul style="list-style-type: none"> • Bond language, jargon, coupon types • Credit, spread and interest rate risks • Main types of bond investor
AC5.2	Define the issuance process for fixed income and the international best practice connected to fixed income issuance <ul style="list-style-type: none"> • Spotting the bond issuance opportunity • Why should a corporate issue bonds • Bond issuance documentation and due diligence • Primary markets execution process
AC5.3	Understand key equity market terminology <ul style="list-style-type: none"> • Equity markets and investors
AC5.4	Define the issuance process and international best practice for new equity issues <ul style="list-style-type: none"> • Why do companies go public? • IPO preparation, documentation and due diligence • Selling new shares or existing shares • Differences between debt and equity issuance • Follow on offerings • Rights issues
LO6	Interpret the nature of market risk related to corporate risk management and how it is measured and managed
AC6.1	Understand the nature of market risk within corporate risk management <ul style="list-style-type: none"> • Identify the major financial risks associated with a corporate • What is market risk? • To hedge or not to hedge • Advising on - interest rates, FX and commodity risks
AC6.2	Detail the documentation associated with derivatives, marked-to market and market to credit risk <ul style="list-style-type: none"> • Understand value at risk (VaR) and VaR computation • Expected MTM and market to credit risk • ISDA Agreements and the Credit Support Annex (CSA)
LO7	Analyse and apply the range of derivative products available for managing financial risks and identify how they can be applied to solve customer problems
AC7.1	Calculate STIR settlement amounts and understand the use of interest rate option derivatives such as: Caps, floors and collars <ul style="list-style-type: none"> • The use and risks of STIR contracts • Forwards, FRA's and interest rate futures • Terminology and cash flow of caps, floors and collars
AC7.2	Calculate FX NDF and swap settlement amounts <ul style="list-style-type: none"> • Calculate FX NDF • FX non-deliverable forwards and swaps
AC7.3	Understand the nature of swap spreads and risks of interest rate swaps <ul style="list-style-type: none"> • Swap contracts – IRS, CSS
AC7.4	Calculate the cash flows and pricing terms of a CCS <ul style="list-style-type: none"> • Cash flows of a CCS • Pricing terms of a CCS

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Appendix 4 Unit 2 Unit Details: Investment Banking and Markets (INVB)

This section provides information about the Investment Banking and Markets (INVB) unit, including syllabus content, learning outcomes and assessment criteria. INVB is an option unit within the IBCI qualification. You can take one option unit as part of the qualification.

Unit description

In this Unit you will consider the role of the investment bank and the main differences to the corporate bank. In particular, you will learn about and learn how to calculate key investment banking products and how they are applied to provide solutions for corporate clients.

Unit title	Investment Banking and Markets (INVB)
Unit level	4
Unit credit value	8 credits
Typical study hours	78

Unit 1 Assessment Methodology

The assessment of INVB has one component:

- i. An electronic assessment with multiple choice questions via a two hour multiple-choice examination.
 - a. Part 1 with 35 multiple choice questions. This component is worth 35 marks.
 - b. Part 2 with three mini cases studies, each with five linked multiple choice questions. This component is worth 15 marks.
- ii. A total of 50 marks are available.
- iii. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. Higher level passes are achieved at merit (70%) and distinction (80%) level.

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Unit learning outcomes / assessment criteria for Investment Banking and Markets (INVB)

Learning outcome (LO)	Assessment criteria (AC)
The learner will:	The learner can:
LO1. Understand the role of investment banking and the main differences to a corporate bank	AC1.1 Define investment banking products and services offered AC1.2 Understand the difference between the risks of underwriting securities versus holding long-term credit assets AC1.3 Understand the relative strategic importance and day-to-day importance to a corporate client of investment banking compared to corporate banking products and services
LO2. Understand the main methods used to estimate the value of a business and calculate a valuation using DCF or trading comparables analysis	AC2.1 Understand and be able to calculate the elements of the EV to equity value bridge AC2.2 Calculate relevant trading multiples for corporate valuation AC2.3 Define the steps involved in building a DCF valuation model
LO3. Understand and apply accounting for transactions, transaction processes and transaction analysis	AC3.1 Analyse simple pro-forma financial statements for an acquisition of assets or shares and mergers AC3.2 Understand typical transaction processes for both public company takeovers and auctions of private companies or divisions of larger companies AC3.3 Analyse the impact of an acquisition on Earnings Per Share (EPS) accretion/dilution, credit ratios and contribution, and define Return on Invested Capital (RoIC) AC3.4 Recognise the most commonly used structures for disposals of assets or shares
LO4. Apply the terminology, use of and the process for accessing the fixed income markets	AC4.1 Define key terms used in the fixed income markets and how the repo market is used to finance a position AC4.2 Calculate modified duration and convexity AC4.3 Calculate hedging positions for a bond position AC4.4 Understand bond pricing, the issuance process for fixed income, bond trading, and associated international best practice
LO5. Apply the terminology, use of and the process for accessing the equity markets	AC5.1 Understand equity terminology AC5.2 Assess the issuance process and international best practice for new equity issues AC5.3 Understand equity trading in the secondary market
LO6. Apply the terminology, use of and the process for accessing syndicated loan markets	AC6.1 Identify the steps in the syndicated loan process AC6.2 Identify the parties in a syndicated loan AC6.3 Understand international best practice in relation to syndicated loan issues
LO7. Understand the range of derivative products available for managing financial risks and explain	AC7.1 Calculate STIR settlement amounts and understand the use of interest rate option derivatives such as: Caps, floors and collars AC7.2 Calculate FX NDF and swap settlement amounts.

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how they can be applied to solve customer problems	AC7.3 Identify the nature of swap spreads and risks of interest rate swaps AC7.4 Calculate the cash flows and pricing terms of a CCS
LO8. Understand the nature of market risk and how it is measured and managed	AC8.1 Understand the nature of market risk and how it is measured and be able to calculate simple VaR estimates AC8.2 Understand the documentation associated with derivatives

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Unit 2 Indicative content for Investment Banking (INVB)

UNIT 2 SYLLABUS LOs / ACs	
LO1:	Understand the role of investment banking and the main differences to a corporate bank
AC1.1	Define investment banking products and services offered <ul style="list-style-type: none"> • Underwriting of securities issuance • Provision of advice on mergers and acquisitions, capital raising and other strategic issues • Sales, research and trading in debt and equity securities
AC1.2	Understand the difference between the risks of underwriting securities versus holding long-term credit assets <ul style="list-style-type: none"> • Time scale • Market risk • Different rewards
AC1.3	Understand the relative strategic importance and day-to-day importance to a corporate client of investment banking compared to corporate banking products and services <ul style="list-style-type: none"> • Key role of corporate bankers in day-to-day services • Key role of investment bankers in providing capital raising services and advice at the most senior level
LO2	Understand the main methods used to estimate the value of a business and calculate a valuation using DCF or trading comparables analysis
AC2.1	Understand and be able to calculate the elements of the EV to equity value bridge <ul style="list-style-type: none"> • Components of EV and the Bridge • Value of Growth • Different Valuation Methods
AC2.2	Calculate relevant trading multiples for corporate valuation <ul style="list-style-type: none"> • Peer group selection • Enterprise and equity multiples • Cleaning the numbers and value drivers • What causes differences in multiples and industry specific multiples
AC2.3	Define the steps involved in building a DCF valuation model <ul style="list-style-type: none"> • DCF principles • Step 1 – Estimation of Free Cash Flow • Step 2 – Weighted Average Cost of Capital • Step 3 – Terminal Value • Step 4 – Discounting • Step 5 – EV of Operations to Equity Value
LO3	Understand and apply accounting for transactions, transaction processes and transaction analysis
AC3.1	Analyse simple pro-forma financial statements for an acquisition of assets or shares and mergers <ul style="list-style-type: none"> • Consolidation Accounting • Asset disposals • Disposals of shares • Disposal structures – spin off, split up, split off, carve out
AC3.2	Understand typical transaction processes for both public company takeovers and auctions of private companies or divisions of larger companies

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UNIT 2 SYLLABUS LOs / ACs	
	<ul style="list-style-type: none"> • Transaction fundamentals • Synergies • Transaction process – public company takeovers, private transactions and auctions
AC3.3	Analyse the impact of an acquisition on Earnings Per Share (EPS) accretion/dilution, credit ratios and contribution, and define Return on Invested Capital (RoIC)
AC3.4	Recognise the most commonly used structures for disposals of assets or shares
LO4	Apply the terminology, use of and the process for accessing the fixed income markets
AC4.1	Define key terms used in the fixed income markets and how the repo market is used to finance a position <ul style="list-style-type: none"> • Bond language, jargon, coupon types, credit, spread and interest rate risks • Funding bond positions through repos.
AC4.2	Calculate modified duration and convexity <ul style="list-style-type: none"> • Price and yield calculations and Excel bond functions • Yield curves and credit spreads
AC4.3	Calculate hedging positions for a bond position <ul style="list-style-type: none"> • Bond price sensitivity and understanding bond P&L • Hedging bond positions
AC4.4	Understand bond pricing, the issuance process for fixed income, bond trading, and associated international best practice <ul style="list-style-type: none"> • Roles of the DCM group • Challenges for a first-time bond issuer • Bond issuance documentation and due diligence • Primary market execution process
LO5	Apply the terminology, use of and the process for accessing the equity markets
AC5.1	Understand equity terminology <ul style="list-style-type: none"> • Equity markets and investors
AC5.2	Assess the issuance process and international best practice for new equity issues <ul style="list-style-type: none"> • Why do companies go public? • IPO preparation, documentation and due diligence • Selling new shares or existing shares • Differences between debt and equity issuance • Follow on offerings • Rights issues
AC5.3	Understand equity trading in the secondary market <ul style="list-style-type: none"> • Quote driven markets • Order driven markets • Exchange based trading • Dark pools and other trading venues
LO6	Apply the terminology, use of and the process for accessing syndicated loan markets
AC6.1	Identify the steps in the syndicated loan process <ul style="list-style-type: none"> • The syndication process • The standard documents as recommended by the Loan Market Association • The risks of underwriting.
AC6.2	Identify the parties in a syndicated loan <ul style="list-style-type: none"> • The role of the: lead manager, bookrunner, agent and documentation agent
AC6.3	Understand international best practice in relation to syndicated loan issues.

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UNIT 2 SYLLABUS LOs / ACs	
	<ul style="list-style-type: none"> Review of the syndication process based on international standards and best practice
LO7	Understand the range of derivative products available for managing financial risks and explain how they can be applied to solve customer problems
AC7.1	Calculate STIR settlement amounts and understand the use of interest rate option derivatives such as: Caps, floors and collars <ul style="list-style-type: none"> The use and risks of STIR contracts Forwards, FRA's and interest rate futures Terminology and cash flow of caps, floors and collars Option risk management
AC7.2	Calculate FX NDF and swap settlement amounts <ul style="list-style-type: none"> FX non-deliverable forwards swaps settlement amounts
AC7.3	Identify the nature of swap spreads and risks of interest rate swaps <ul style="list-style-type: none"> Swap, credit and asset swap spreads Swaps counterparty risk – credit and market risk
AC7.4	Calculate the cash flows and pricing terms of a CCS <ul style="list-style-type: none"> Terminology, mechanics and applications Cash flow of cross-currency basis swaps
LO8	Understand the nature of market risk and how it is measured and managed
AC8.1	Understand the nature of market risk and how it is measured and be able to calculate simple VaR estimates <ul style="list-style-type: none"> What is market risk? Understanding value at risk (VaR), modified duration and convexity Expected positive exposure (EPE) and potential future exposure (PFE)
AC8.2	Understand the documentation associated with derivatives <ul style="list-style-type: none"> ISDA Agreements, The Credit Support Annex (CSA)

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Appendix 5 Unit 2 Unit Details: Risk and Credit (RSCR)

This section provides information about the Risk and Credit (RSCR) unit, including syllabus content, learning outcomes and assessment criteria. RSCR is an option unit within the IBCI qualification. You can take one option unit as part of the qualification.

Unit description

In this Unit you will identify different risks and assess their impact on banks. You will calculate various risk measures and consider how different risk types are managed. In addition to the credit, market and operational risks faced by banks you will consider reputational and strategic risks including the impact of poor strategic planning to a bank. This will be set in the context of international risk-related regulations in banking.

Unit title	Risk and Credit (RSCR)
Unit level	4
Unit credit value	8 credits
Typical study hours	78

Unit 1 Assessment Methodology

The assessment of RSCR has one component:

- i. An electronic assessment with multiple choice questions via a two hour multiple-choice examination.
 - a. Part 1 with 35 multiple choice questions. This component is worth 35 marks.
 - b. Part 2 with three mini cases studies, each with five linked multiple choice questions.
This component is worth 15 marks.
- ii. A total of 50 marks are available.
- iii. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. Higher level passes are achieved at merit (70%) and distinction (80%) level.

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Unit 2 learning outcomes / assessment criteria for Risk and Credit (RSCR)

Learning outcome (LO)	Assessment criteria (AC)
The learner will:	The learner can:
LO1. Understand the key issues relating to a typical bank's risk governance	AC1.1 Understand what is meant by 'risk' AC1.2 Understand why regulators set capital requirements and leverage limits AC1.3 Understand the concept of 'risk capacity' AC1.4 Understand how 'risk appetite' is set AC1.5 Identify who is responsible for risk management
LO2. Understand and assess credit risk	AC2.1 Identify how credit risk affects a financial organisation AC2.2 Identify how credit risk can be managed AC2.3 Understand how credit risk differs between retail and corporate clients AC2.4 Understand retail and behavioural credit scoring AC2.5 Understand how to assess corporate credit risk using both qualitative and quantitative analysis AC2.6 Understand how to assess a corporate credit proposal AC2.7 Understand corporate credit ratings
LO3. Assess non-performing loans and defaults	AC3.1 Understand and be able to calculate how provisioning for bad debts based on expected loss is implemented under IFRS9 AC3.2 Assess how and when a default occurs and what options are available to a bank in the event of a corporate default AC3.3 Identify how collateral and other risk mitigation protects the bank in the event of default AC3.4 Identify options for restructuring of a defaulted or non-performing loan
LO4. Analyse and assess risk in market products	AC4.1 Assess how market products are used for both retail and corporate banking products and services AC4.2 Identify the nature, uses of and risks of interest rate swaps AC4.3 Calculate FX NDF and swap settlement amounts AC4.4 Calculate the cash flows and pricing terms of a CCS
LO5. Assess the nature of market risk and how it is measured, calculated and managed	AC5.1 Interpret information relating to market risk and calculate simple Value at Risk (VaR) estimates AC5.2 Understand the strengths and weaknesses of VaR AC5.3 Calculate various measures of duration and when and how to use each measure appropriately AC5.4 Understand the purpose of CVA, EPE, PFE and analyse the nature of market to credit risk AC5.5 Compare credit risk and Counterparty Credit Risk (CCR)
LO6. Understand and assess operational risk within a bank	AC6.1 Understand how to assess operational risk
LO7. Understand the nature of reputational, liquidity and strategic risk	AC7.1 Define the profitability impact of damage to a bank's reputation AC7.2 Demonstrate the ability to assess the impact of poor strategic planning to a bank AC7.3 Demonstrate an understanding of liquidity structure of a bank and why diversity is paramount

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	AC7.4 Explain the nature and implications of LCR and NSFR and the importance of fixed income markets to the balance sheet
LO8. Understand the Basel regime and its effects on how banks measure and manage risk	AC8.1 Identify the impact of changing regulations and the rationale for the key requirements of Basel III AC8.2 Calculate Risk Weighted Assets and Capital requirements under the Standardised and Internal Ratings Based approaches AC8.3 Understand and be able to calculate the Maximum Leverage Ratio

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Unit 2 Indicative content for Risk and Credit (RSCR)

UNIT 2 SYLLABUS LOs / ACs	
LO1	Understand the key issues relating to a typical bank's risk governance
AC1.1	Understand what is meant by 'risk' in banking <ul style="list-style-type: none"> • Risk versus uncertainty The definitions and concepts of risk
AC1.2	Understand why regulators set capital requirements and leverage limits <ul style="list-style-type: none"> • Expected versus unexpected loss • Risk weighted assets Reasons for a hard limit on leverage
AC1.3	Understand the concept of 'risk capacity' Limit of positions a bank can take given its regulatory capital
AC1.4	Understand how 'risk appetite' is set <ul style="list-style-type: none"> • Why a bank is unlikely to want to operate at its risk capacity Risk versus commercial requirements for profits
AC1.5	Identify who is responsible for risk management Understand a typical bank risk governance structure
LO2	Understand and assess credit risk
AC2.1	Identify how credit risk affects a financial organisation <ul style="list-style-type: none"> • Credit exposure in the lending business • Credit risk on securities positions • Credit risk on counterparties • Credit risk in derivative exposures
AC2.2	Identify how credit risk can be managed <ul style="list-style-type: none"> • Diversification • Using securities to diversify a credit portfolio • Syndication • Securitisation • Credit derivatives
AC2.3	Understand how credit risk differs between retail and corporate clients <ul style="list-style-type: none"> • Retail credit risk <ul style="list-style-type: none"> – Risk in retail banking – Economic cycle and retail lending • Corporate credit risk <ul style="list-style-type: none"> – Identification and quantification of corporate financial risks – Size, concentration, commercial, financial and event risks Analyse other risk types:
AC2.4	Understand retail and behavioural credit scoring <ul style="list-style-type: none"> • Credit scoring • Behavioural scoring Describe risk culture
AC2.5	Understand how to assess corporate credit risk using both qualitative and quantitative analysis <ul style="list-style-type: none"> • Key issues in qualitative analysis • Management and company quality • Define and explain key ratios for credit analysis
AC2.6	Understand how to assess a corporate credit proposal

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UNIT 2 SYLLABUS LOs / ACs	
	<ul style="list-style-type: none"> • Measuring cash flow • Cleaning the numbers for cash flow analysis • Different measures of cash flow and when to use them • Forecasting cash flow • Debt a firm can sustain while maintaining acceptable credit standards • Drivers of debt capacity and key constraints
AC2.7	Understand corporate credit ratings <ul style="list-style-type: none"> • Rating agencies, rating methodologies and their ratings scales • Rating migration Rating Agency preferred ratios
LO3	Assess non-performing loans and defaults
AC3.1	Understand and be able to calculate how provisioning for bad debts based on expected loss is implemented under IFRS9 <ul style="list-style-type: none"> • Expected loss (EL) as the foundation of credit analysis • Assessing if the return is appropriate for the risk • Target return on capital • Income Statement presentation • Application of EL on a portfolio basis • Implications for a bank
AC3.2	Assess how and when a default occurs and what options are available to a bank in the event of a corporate default
AC3.3	Identify how collateral and other risk mitigation protects the bank in the event of default Debt Structuring and Documentation Risk <ul style="list-style-type: none"> – Documentation risk, term sheet contents – Seniority and subordination and Absolute Priority Rule ('APR') – Collateral, security, covenants and events of default
AC3.4	Identify options for restructuring a defaulted or non-performing loan
LO4	Analyse and assess risk in market products
AC4.1	Assess how market products are used for both retail and corporate banking products and services Understand the mechanics and risk associated with STIR contracts including: <ul style="list-style-type: none"> • Forwards and FRA's • Terminology and cash flow caps, floors and collars • Calculate settlement amounts associated with STIR contracts Understand the terminology and mechanics of option risk management
AC4.2	Identify the nature, uses of and risks of interest rate swaps <ul style="list-style-type: none"> • Define how interest rate swaps are used in both retail and corporate banking • Swaps counterparty risk – credit and market risk
AC4.3	Calculate FX NDF and swap settlement amounts <ul style="list-style-type: none"> • FX non-deliverable forwards • Swaps settlement amounts
AC4.4	Calculate the cash flows and pricing terms of a CCS <ul style="list-style-type: none"> • Terminology, mechanics and applications • Cash flow of cross-currency basis swaps

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UNIT 2 SYLLABUS LOs / ACs	
LO5	Assess the nature of market risk and how it is measured, calculated and managed
AC5.1	Interpret information relating to market risk and calculate simple Value at Risk (VaR) estimates <ul style="list-style-type: none"> • What is market risk? • Understanding value at risk (VaR) and VaR computation
AC5.2	Understand the strengths and weaknesses of VaR <ul style="list-style-type: none"> • Strengths of VaR • Weaknesses of VaR
AC5.3	Calculate various measures of duration and when and how to use each measure appropriately <ul style="list-style-type: none"> • Modified duration, DV01, PV01 and convexity
AC5.4	Understand the purpose of CVA, EPE, PFE and analyse the nature of market to credit risk <ul style="list-style-type: none"> • Expected MTM, Expected Positive Exposure (EPE), Potential Future Exposure (PFE) and market to credit risk • ISDA agreements and Credit Value Adjustment (CVA)
AC5.5	Compare credit risk and Counterparty Credit Risk (CCR)
LO6	Understand and assess operational risk within a bank
AC6.1	Understand how to assess operational risk <ul style="list-style-type: none"> • Operational risk management structure and lines of defence • Categories of operational risk • Operational risk by function including retail, corporate and investment banking • Operational risk mapping
LO7	Understand the nature of reputational, liquidity and strategic risk
AC7.1	Define the profitability impact of damage to a bank's reputation <ul style="list-style-type: none"> • Impact of negative publicity regarding a bank's practices • Fraud, bribery and corruption • Mis-selling, market abuse and insider trading • Oppressive treatment of smaller companies • Illegal activity around corporate transactions
AC7.2	Demonstrate the ability to assess the impact of poor strategic planning to a bank <ul style="list-style-type: none"> • Strategic choices faced by banks • Changes in the environment for banks – regulation, fintech, sector concentration • Risks associated with poorly executed strategic planning and management choices
AC7.3	Demonstrate an understanding of liquidity structure of a bank and why diversity is paramount <ul style="list-style-type: none"> • ALM • Structure of bank deposits • Short-term and long-term funding alternatives
AC7.4	Explain the nature and implications of LCR and NSFR and the importance of fixed income markets to the balance sheet <ul style="list-style-type: none"> • Fixed income markets on both sides of the balance sheet • Basel III and liquidity requirements, LCR, NSFR and HQLA

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UNIT 2 SYLLABUS LOs / ACs	
LO8	Understand the Basel regime and its effects on how banks measure and manage risk
AC8.1	Identify the impact of changing regulations and the rationale for the key requirements of Basel III <ul style="list-style-type: none"> • Bank regulation under Basel III and enhanced risk management procedures
AC8.2	Calculate Risk Weighted Assets and Capital Requirements under the Standardised and Internal Ratings Based approaches <ul style="list-style-type: none"> • Standardised approach • Internal ratings based approach • Differences between the approaches
AC8.3	Understand and be able to calculate the Maximum Leverage Ratio <ul style="list-style-type: none"> • Defining leverage – on and off balance sheet exposures • Calculating the ratio • Rationale for the Leverage Ratio – lessons from 2008-09

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Appendix 6 Unit 2 Unit Details: Compliance (COMP)

This section provides information about the Compliance (COMP) unit, including syllabus content, learning outcomes and assessment criteria. COMP is an option unit within the IBCI qualification. You can take one option unit as part of the qualification.

Unit description

In this Unit you will understand what compliance is within financial services and international regulations affecting banks. You will consider international best practice in compliance and make an assessment of compliance responses relating to financial crime and fraud. You will understand how the role of bank corporate governance structures support and ethical behaviours impact on a bank's ability to meet their regulatory compliance obligations.

Unit title	COMP
Unit level	4
Unit credit value	8 credits
Typical study hours	78

Unit 1 Assessment Methodology

The assessment of COMP has one component:

- iv. An electronic assessment with multiple choice questions via a two hour multiple-choice examination.
 - a. Part 1 with 35 multiple choice questions. This component is worth 35 marks.
 - b. Part 2 with three mini cases studies, each with five linked multiple choice questions. This component is worth 15 marks.
- v. A total of 50 marks are available.
- vi. The unit pass mark is 60%, and you must achieve the minimum pass mark for the unit. Higher level passes are achieved at merit (70%) and distinction (80%) level.

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Unit 2 learning outcomes / assessment criteria for Compliance (COMP)

Learning outcome (LO)	Assessment criteria (AC)
The learner will:	The learner can:
LO1. Define the role of compliance	AC1.1 Define the role and structure of the compliance function. AC1.2 Explain responsibility and accountability of management
LO2. Analyse international regulations	AC2.1 Understand the purpose of regulations AC2.2 Compare the different approaches to regulatory oversight AC2.3 Assess the impact of different regulations including FATF, GDPR, MIFID, Basel Accords in relation to compliance AC2.4 Analyse the role of international regulatory organisations including the Bank for International Settlements, the Financial Stability Board, and the International Organization of Securities Commission
LO3. Analyse international best practice in compliance	AC3.1 Understand the Basel principles related to compliance and be able to explain how they apply AC3.2 Define the content and purpose of a compliance manual AC3.3 Explain the control framework
LO4. Understand and apply local rules and regulations	AC4.1 Identify the differences between global and local regulations. AC4.2 Detail the compliance process that exists within a bank
LO5. Assess the risks associated with financial crime.	AC5.1 Explain the differences between money laundering and terrorist financing AC5.2 Explain the stages in the money laundering process AC5.3 Analyse the roles of FATF, and other organisations in combating money laundering and terrorist financing AC5.4 Analyse and compare different types of financial crime including fraud and corruption AC5.5 Assess the impact of financial crime on the reputation of the firm
LO6. Understand the role of compliance organisations and regulation.	AC6.1 Explain the key elements of due diligence. AC6.2 Define the investigation process within a bank. AC6.3 Analyse the issues with Politically Exposed Persons AC6.4 Apply of three lines of defence
LO7. Explain the role of ethical behaviour and corporate governance.	AC7.1 Define ethical behaviour. AC7.2 Explain the need for corporate governance. AC7.3 Explain why banks should act with the highest level of conduct AC7.4 Explain why banks should promote fairness in all business dealings
LO8. Analyse the challenges with market abuse	AC8.1 Explain the different types of market abuse AC8.2 Explain the market abuse regulations in international best practice

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Unit 2 Indicative content for Compliance (COMP)

UNIT 2 SYLLABUS LOs / ACs	
LO1	Define the role of compliance
AC1.1	AC1.1 Define the role and structure of the compliance function. <ul style="list-style-type: none"> • Regulatory reporting • Establishing compliance standards • Measuring the success of compliance policies
AC1.2	Explain responsibility and accountability of management <ul style="list-style-type: none"> • Building the corporate culture and bank values • Defining and implementing strategy • Reporting and escalation
LO2	Analyse international regulations
AC2.1	Understand the purpose of regulations <ul style="list-style-type: none"> • Stability of the financial system • Transparency in international markets
AC2.2	Compare the different approaches to regulatory oversight <ul style="list-style-type: none"> • Rules based regulation • Principles based regulation
AC2.3	Assess the impact of different regulations <ul style="list-style-type: none"> • Global: Financial Action Task Force (FATF), Basel Committee on Banking Supervision (BCBS) • Regional: European Union regulations GDPR and MiFID, Middle East
AC2.4	Analyse the role of international regulatory organisations. <ul style="list-style-type: none"> • Bank for International Settlements (BIS, Financial Stability Board (FSB), and the International Organisation of Securities Commission (IOSCO) • Focus areas of different international organisations
LO3	Analyse international best practice in compliance
AC3.1	Understand the Basel principles related to compliance and be able to explain how they apply. <ul style="list-style-type: none"> • Know the 10 principles • Application of the principles in practice
AC3.2	Define the content and purpose of a compliance manual <ul style="list-style-type: none"> • Items to cover • Implementation • Review • Training
AC3.3	Explain the control framework. <ul style="list-style-type: none"> • Implementation • Ultimate responsibility • Control framework surrounding outsourcing, compliance, audit, risk
LO4	Understand and apply local rules and regulations
AC4.1	Identify the differences between global and local regulations. <ul style="list-style-type: none"> • Compliance framework embedded in local regulations
AC4.2	Detail the compliance process that exists within a bank. <ul style="list-style-type: none"> • Risk assessment and reporting • Policies and procedures, and systems and controls

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UNIT 2 SYLLABUS LOs / ACs	
	<ul style="list-style-type: none"> • Training
LO5	Assess the risks associated with financial crime.
AC5.1	<p>Explain the differences between money laundering and terrorist financing</p> <ul style="list-style-type: none"> • Differences and similarities between money laundering and terrorist financing • Detecting terrorist financing • New technologies • Structures designed to hide beneficial ownership
AC5.2	<p>Explain the stages in the money laundering process.</p> <ul style="list-style-type: none"> • What is it and the three stages • Economic and social consequences • Methods of money laundering
AC5.3	<p>Analyse the roles of FATF and other organisations in combating money laundering and terrorist financing</p> <ul style="list-style-type: none"> • Identify the different bodies involved in combating money laundering and terrorist financing • Explain the different sanctions
AC5.4	<p>Analyse and compare different types of financial crime including fraud and corruption</p> <ul style="list-style-type: none"> • Fraud • Corruption • Theft • Scams
AC5.5	<p>Assess the impact of financial crime on the reputation of the firm</p> <ul style="list-style-type: none"> • Financial loss • Reputational issues
LO6	Understand the role of compliance organisations and regulation.
AC6.1	<p>Explain the key elements of due diligence.</p> <ul style="list-style-type: none"> • Main elements, employee and customer due diligence • When to apply enhanced due diligence • Politically Exposed Persons • Behaviour, documentation, transactions and activity
AC6.2	<p>Define the investigation process within a bank.</p> <ul style="list-style-type: none"> • Law enforcement and cooperation with other countries • Responding to requests • Investigations - Suspicious activity reports and documentation
AC6.3	<p>Analyse the issues with Politically Exposed Persons</p> <ul style="list-style-type: none"> • What is a politically exposed person • Understand the risks when transacting with a politically exposed person
AC6.4	<p>Apply the three lines of defence</p> <ul style="list-style-type: none"> • Identify the three lines of defence within a bank • Explain how the three lines of defence work together
LO7	Understand the role of ethical behaviour and corporate governance.
AC7.1	<p>Define ethical behaviour.</p> <ul style="list-style-type: none"> • Ethics what are they? • Regulatory standards, professional Codes of Conduct
AC7.2	<p>Explain the need for corporate governance.</p> <ul style="list-style-type: none"> • OECD definition and objectives

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UNIT 2 SYLLABUS LOs / ACs	
	<ul style="list-style-type: none"> • Principles for enhanced corporate governance
AC7.3	Explain why banks should act with the highest level of conduct. <ul style="list-style-type: none"> • Data protection • Fair and orderly markets and implications of market abuse • Price sensitive information, insider dealing • Conflict of interest and whistle blowing
AC7.4	Explain why banks should promote fairness in all business dealings. <ul style="list-style-type: none"> • Honesty and fair treatment • Acting in best interest of the client and financial advice • Product design, marketing and financial promotions • Client advice, objectives, risk profiles and suitability
LO8	Analyse the challenges with market abuse
AC8.1	Explain the different types of market abuse <ul style="list-style-type: none"> • Insider dealing • Market manipulation
AC8.2	Explain the market abuse regulations in international best practice <ul style="list-style-type: none"> • Regulations • Prevention, detection and enforcement

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