

**The London Institute
of Banking & Finance**

LIBF Level 4 Risk and Regulation in Banking (RRB)

Qualification Specification



Table of Contents

PURPOSE OF THE QUALIFICATION	3
WHY STUDY RISK AND REGULATION IN BANKING?	3
OBJECTIVES	3
KEY CONTENT AREAS	3
QUALIFICATION LEARNING OUTCOMES	3
KEY SKILLS DEVELOPED	4
ENTRY REQUIREMENTS	4
RECOGNITION OF PRIOR LEARNING	4
PROGRESSION AND PREPARATION FOR FURTHER STUDY	4
APPRENTICESHIPS	5
PREPARATION FOR EMPLOYMENT / PROFESSIONAL DEVELOPMENT	5
STRUCTURE	5
TOTAL QUALIFICATION TIME (TQT)	5
LEARNING RESOURCES	6
WHAT TO DO BEFORE THE ASSESSMENT	6
ASSESSMENT	6
QUALIFICATION GRADING	6
RESUBMISSION AND RESIT ATTEMPTS	6
APPENDICES	7
APPENDIX 1 – REGULATION DETAIL	7
APPENDIX 2 – RISK AND REGULATION IN BANKING (RRB)	8

Please note: This document is uncontrolled when printed.

Please always review the latest document available through the website

Purpose of the qualification

Why study the LIBF Level 4 Risk and Regulation in Banking (RRB)?

Never before have banks had to manage such a rapid change in their regulatory landscape along with having to deal with a seemingly endless array of critical risks. Following the global financial crisis regulators have put in place a raft of new regulations and structural reforms with the aim of making the banking sector safer and it is imperative that you are aware of these developments and their impact upon a bank operations and regulatory requirements. Global markets continue to be volatile and with FX, equity, fixed income and interest rates markets all facing unique challenges. This qualification will give you a fundamental understanding of how these different risks impact a bank along with the importance of setting an appropriate governance structure and risk culture.

The qualification aims to explore the fundamentals of risk and how it is measured and managed, along with how banks are regulated to ensure the stability of the banking sector. You will also learn about the causes and consequences of the global financial crisis and how banks must also carefully manage a wide and diverse range of stakeholders.

Objectives

To provide fundamental knowledge of the risks and regulations that banks face in the current environment to effectively respond to these as a banking professional.

Key content areas

- Definitions and concepts of risk
- Principles of risk measurement
- The causes and consequences of the global financial crisis
- Stakeholder management
- Bank regulation and risk management
- Contemporary developments in regulation and risk oversight
- Introduction to credit, market, financial and operational risk

Qualification learning outcomes

On completing this qualification, in the context of the UK financial services sector you will:

LO	Detail
LO1	Understand the concept and principles of risk
LO2	Understand key principles of risk measurement

LO3	Understand the causes and consequences of past banking crises and identify the actions taken to remedy risk management shortcomings
LO4	Understand the economic; regulatory; ethical; and, governance environment that banks operate in
LO5	Understand the key credit, market, financial and operational risks that banks face

Key skills developed

The qualification will encourage you to:

- develop your understanding of risk culture, appetite and tolerance
- develop your ability to apply both fundamental qualitative and quantitative skills in order to analyse and model risk
- develop your understanding of how and why banks are regulated, including the causes and consequences of financial crises and scandals
- enhance your understanding of the financial, market and operational risks that banks face in the current economic and regulatory environment

Entry requirements

There are no specific entry requirements for this qualification.

Recognition of prior learning (RPL)

In line with The London Institute of Banking & Finance regulations, as RRB is a single unit qualification, recognition of prior learning does not apply.

Progression and preparation for further study

RRB provides a platform for continued study within the financial services sector and a wide range of other business-related disciplines.

Upon successful completion of the Level 4 Risk and Regulation in Banking (RRB) qualification, there are opportunities for further study with The London Institute of Banking & Finance. RRB forms part of the [Professional Diploma in Banking & Finance](#) designation.

On successful completion of the Professional Diploma in Banking & Finance designation, you will be eligible to apply for Associate membership status of The London Institute of Banking & Finance.

Apprenticeships

Risk and Regulation in Banking (RRB) is not currently available through an apprenticeship standard.

Preparation for employment / professional development

RRB is designed to develop knowledge and understanding of risk management in banking and enhances skills that are valued within that sector and others. This qualification takes a very practical approach ensuring students develop a good underpinning and an inquisitive approach to risk management. A wide range of data and real life case studies are used to help demonstrate practical issues and considerations for a modern banking industry.

Structure

RRB is made up of one mandatory unit which must be successfully completed to achieve the qualification:



The detailed unit syllabus is available as an Appendix to this document and latest versions are always available through our course website.

Total Qualification Time (TQT)

Total Qualification Time (TQT) is a prediction of the total time a student with no prior knowledge might need to complete the course.

TQT consists of two elements, Guided Learning (GL) and all other hours:

- GL is time spent studying under the immediate guidance of supervision of a teacher.
- All other hours include hours spent unsupervised in research, learning, e-learning, exam preparation, and formal assessments.

RRB is primarily considered a distance-learning, session-based qualification.

Guided Learning Hours	10 hours
Other hours	90 hours
Total Qualification Time	100 hours

Learning resources

You are provided with the following learning resources:

- online access to the core text through MyLIBF - www.myLIBF.com
- access to KnowledgeBank (e-library) through MyLIBF
- unit syllabus
- study planner
- specimen paper

What to do before the assessment

To prepare for all assessment elements, you should make use of all learning resources.

Assessment

The unit will be assessed through one multiple choice exam consisting of 45 standalone multiple-choice questions and 3 case studies worth 5 marks per case study. There are a total of 60 marks.

The pass mark for the examination is 70%

The structure of the assessment ensures that all learning outcomes are subject to external assessment.

Qualification grading

The overall qualification is graded pass only. To achieve a pass, you must achieve a minimum of 70%.

Grade	Pass mark
Pass	70%

Re-sit attempts

If you fail your exam you are able to pay to re-register. There are no restrictions on the number of times you can re-register.

Appendices

Appendix 1 – Regulation detail

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

Qualification title	Level 4 Risk and Regulation in Banking (RRB)
Ofqual qualification number	603/2849/6
Qualification level	4
European Qualifications Framework (EQF) level	5
Qualification Type	Vocationally-Related Qualification
Guided learning hours	10
Total qualification time	100
Total credits	10
Sector Subject Area	15.1 Accounting and Finance
Sub SSA	N/A
Overall grading type	Pass
Assessment methods	MCQ Exam
Available in	England
Qualification for ages	19+
Operational start date	22 January 2018
Qualification description	Level 4 Risk and Regulation in Banking (RRB) consists of one mandatory unit. A total credit value of 10 must be obtained for achievement of the qualification.

Appendix 2 – Risk and Regulation in Banking (RRB)

A description of RRB that provides detail on syllabus content, learning outcomes and assessment criteria.

Unit Profile

This unit will explore the main risks faced by banks and the regulatory environment in which they operate. The unit will develop your understanding of risk management frameworks, risk measurement and also the importance of stakeholder management and corporate.

Unit title	Risk and Regulation in Banking (RRB)
Ofqual unit reference number	D/617/3991
Unit level	4
Unit credit value	10
Typical study hours	100

Assessment method

The unit will be assessed through one multiple choice exam consisting of 45 standalone multiple-choice questions and 3 case studies worth 5 marks per case study. There are a total of 60 marks.

The pass mark for the examination is 70%

The structure of the assessment ensures that all learning outcomes are subject to external assessment.

The duration of the examination will be 90 minutes.

Unit learning outcomes / assessment criteria

LO	Learning outcome (LO) The learner will:	Assessment criteria (AC) The learner can:
LO1	Understand the concept and principles of risk	1.1 Define risks and understand the relationship between risk and reward 1.2 Understand and apply bank focused risk management frameworks 1.3 Identify different stakeholder attitudes towards risk including differences between risk appetite and risk tolerance
LO2	Understand key principles of risk measurement	2.1 Understand the fundamental concepts of risk measurement 2.2 Utilise basic statistical analysis and tools to derive key risk measures and metrics 2.3 Appreciate limitations of risk measurement methodologies
LO3	Understand the causes and consequences of past banking crises and identify the actions taken to remedy risk management shortcomings	3.1 Understand the role and importance of the risk management function within a bank 3.2 Identify the causes of the global financial crisis 3.3 Understand the consequences of bank crises and scandals
LO4	Understand the economic, regulatory, ethical and governance environment that banks operate in	4.1 Understand current bank regulations, proposed regulatory developments and their impact upon the risk profile of a bank. 4.2 Identify and understand the current governance and ethical issues impacting the banking industry and the importance of adopting best practice. 4.3 Identify the current economic conditions and developments impacting the risks that banks face
LO5	Understand the key credit, financial, market and operational risks that banks face	5.1 Describe the different types of credit risk that banks face and the importance of managing a bank's credit risk appetite. 5.2 Identify the key market and financial risks that banks face 5.3 Understand the operational risks that banks face

Indicative content	
LO1	Understand the concept and principles of risk
AC 1.1	Understand risks and understand the relationship between risk and reward <ul style="list-style-type: none"> • Risk definitions • Risk and reward • Risk in banking
AC 1.2	Understand and apply bank focused risk management frameworks <ul style="list-style-type: none"> • Risk categorisation • Risk management frameworks
AC 1.3	Identify different stakeholder attitudes towards risk including differences between risk appetite and risk tolerance <ul style="list-style-type: none"> • Risk appetite and tolerance • Internal and external stakeholders • Stakeholder management and the board
LO2	Understand key principles of risk measurement
AC 2.1	Understand the fundamental concepts of risk measurement <ul style="list-style-type: none"> • Introduction to risk measurement and why it is needed • Approaches to risk measurement (objective and subjective) • probability, impact and expected value • Risk maps • Black swans
AC 2.2	Understand basic statistical analysis and tools to derive key risk measures and metrics <ul style="list-style-type: none"> • Expected value • Standard deviation, sensitivity analysis and correlations • Value at risk • Introduction to Scenario and Monte Carlo analysis
AC 2.3	Identify limitations of risk measurement methodologies <ul style="list-style-type: none"> • Limitations of Value at risk • Model risk • Alternatives to statistical measurement
LO3	Understand the causes and consequences of past banking crises and identify the actions taken to remedy risk management shortcomings.
AC 3.1	Understand the role and importance of the risk management function within a bank <ul style="list-style-type: none"> • The role of risk management within a bank

	<ul style="list-style-type: none"> • How the risk management function works with other bank functions • Reputational risk
AC 3.2	<p>Identify the causes of the global financial crisis</p> <ul style="list-style-type: none"> • Subprime mortgages • Securitisation • Lack of regulatory oversight • Risk culture
AC 3.3	<p>Understand the consequences of bank crises and scandals</p> <ul style="list-style-type: none"> • Contagion • Bank collapses • Fixing scandals and fines • Reputational impact
LO4	Understand the economic, regulatory, ethical and governance environment that banks operate in.
AC 4.1	<p>Understand current bank regulations, proposed regulatory developments and their impact upon the risk profile of a bank.</p> <ul style="list-style-type: none"> • Principals of regulation • Systemic risk • Banking reform act • Basel III • The liquidity coverage ratio and net stable funding ratio • Bank resolution and ring fencing • Stress testing
AC 4.2	<p>Identify and understand the current governance and ethical issues impacting the banking industry and the importance of adopting best practice.</p> <ul style="list-style-type: none"> • Corporate governance principles and responsibilities for banks • Senior manager's regime • Enhanced prudential standards • Key elements of a sound culture and ethical behaviour
AC 4.3	<p>Identify the current economic conditions and developments impacting the risks that banks face</p> <ul style="list-style-type: none"> • Global economic outlook • Corporate and retail banking market analysis • Interest rate outlook (including central bank / market forecasts)

	<ul style="list-style-type: none"> • Financial market conditions including equity, fixed income, foreign exchange and interest rate market.
LO5	Understand the key credit, financial, market and operational risks that banks face
AC 5.1	<p>Describe the different types of credit risk that banks face and the importance of managing a bank's credit risk appetite.</p> <ul style="list-style-type: none"> • Credit risk overview (corporate Vs. retail) • Credit risk management framework, appetite and culture • Approaches to lending and strategic ways of reducing credit risk • Credit risk capital allocation methods
AC 5.2	<p>Identify the key market and financial risks that banks face</p> <ul style="list-style-type: none"> • Overview of financial markets • Foreign exchange, interest rate, asset and commodity risk • Funding risks
AC 5.3	<p>Understand the operational risks that banks face</p> <ul style="list-style-type: none"> • Fundamentals of operational risk • Managing operational risk • Examples of operational risk failures