

BANKING AND INSURANCE

24-hour course

Rudi Vander Vennet, with Jean-Michel Paul

Rudi Vander Vennet is Full Professor of financial economics and banking at Ghent University, Chairman of the department of financial economics and Program Director of the postgraduate Master in Banking and Finance. He is a member of the Board of Directors of Belfius and a member of the Bank Stakeholder Group of the European Banking Authority.

Dr Jean-Michel Paul is the founder of Acheron Capital Ltd, a London-based independent Investment Management company that specialises in decorrelated strategies, in particular in the insurance-linked securities market. He is also a co-founder of Fintech companies in the insurance field. Previously, he held the positions of Head of Research Asia-Pacific for Rabobank and of Senior Analyst at Atlas Capital group. Dr Paul has co-authored several academic articles and is a regular columnist to Bloomberg.

Course Outline

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

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

A lot of attention is devoted to the evolving regulatory and economic environment, especially the Basel 3 framework for banks, the Solvency 2 framework for insurance companies and the environment of persistently low interest rates.

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

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

Course structure

- I. Bank performance and accounting based analysis**
 - a. Profit/risk trade-off
 - b. Profitability decomposition
- II. European bank performance: trends and market-based analysis**
 - a. Return on equity versus cost of equity
 - b. Bank risk decomposition
 - c. Cost of funding
- III. Interest rate risk**
 - a. Duration analysis
 - b. Yield curve
- IV. Asset and liabilities management**
 - a. Internal transfer pricing
 - b. Liquidity risks
- V. The Basel regulatory framework**
 - a. Capital adequacy rules
 - b. LCR and NSFR
 - c. Impact analysis of capital and liquidity rules
- VI. Insurance - The fundamentals**
 - a. Types of insurance contracts
 - b. Claims vs premiums
 - c. Key aspects/terms of balance sheet and P/L
- VII. Insurance - Key risks and solvency**
 - a. What are the risks of an insurance company
 - b. From Solvency I to Solvency II