

JYOTI NIVAS COLLEGE AUTONOMOUS

Programme: B.VOC (Banking and Finance)

Semester: V

RISK MANAGEMENT IN BANKS

No. of Credits: 4

No. Hours: 60

COURSE OBJECTIVES:

- To provide an insight on credit risk aspects relevant in banking sector.
- To enable students to understand the various dimensions of credit risk
- To bring in the importance of Basel norms and its relevance in present day banking function.
- To make them aware of various credit rating agencies.

LEARNING OUTCOMES:

- Understand the credit risk issues prevailing in the bank and how it reflects on the non-performing assets
- Compare and contrast the assets and liability components in banks to reduce the increasing NPA.
- Analyze the financial statements and company's background using parameters.

UNIT 1: INTRODUCTION TO RISK MANAGEMENT AND GOVERNANCE 12 HRS

Concepts of Risk: Definition of Risk, Risk vs. Uncertainty. Types of Risk: Financial Risks (Credit, Market, Liquidity), Non-Financial Risks (Operational, Legal, Strategic, Reputation) Risk Management Framework: Risk Management Structure, Risk Process (Identification, Assessment, Monitoring, Control), Risk Culture, Risk Architecture., Risk appetite. Role of Board and Risk Committee: Risk Governance, Policies, and Limits.

Components of asset - liabilities in banks' balance sheet- Liquidity Management- Interest rate risk management - Management of exchange risk- RBI guidelines.

UNIT 2: RISK MANAGEMENT

12 HRS

Risk and banking business- risk regulation in banking industry, techniques of risk management, risk management in banking- Market risk- Credit risk- operations risk. Credit models. Emerging banking risks: cyber security, AI driven fraud

UNIT 3: BASEL NORMS **10**
HRS

Meaning- types of Basel norms- Treasury management – treasury products- treasury risk management.

UNIT 4: OVERVIEW OF CREDIT MANAGEMENT **12**
HRS

Analysis of Financial Statements and company's background- Working Capital Finance- Term Loans-Credit Appraisal as per RBI Regulations. Credit Rating-agencies for credit rating, credit score for corporates.

UNIT 5: CREDIT CONTROL AND MONITORING **14**
HRS

Meaning- Risk Management , Rehabilitation and Recovery, measures to reduce NPAs, NPA Recovery, Stress Asset Management, securitization of assets, selling of securities, Asset Recovery Companies(ARC). Insolvency and Bankruptcy Code, 2016.

SKILL DEVELOPMENT ACTIVITIES:

- Understand how banks appraise credit and write a report.
- Write a report on how risk management is handled by banks.
- Obtain the Balance Sheet of a bank and identify the various elements of credit.
- Explain the procedures undertaken by a bank to recover loans.
- Identify the different organizations involved in recovery of bank loans.

BOOKS FOR REFERENCE:

- Credit Management, Indian Institute of Banking & Finance. Mac Millan Publishers India Limited, 1st edition 2010
- Risk management, Indian Institute of Banking & Finance. Mac Millan Publishers India Limited, 1st edition 2010

Note: Latest edition of books for reference may be used