



# ORGANISING & STRUCTURING A COMMERCIAL BANK

## TRAINING COURSE OUTLINE

*This course is intended for senior and middle level management of commercial banks who need to understand how to develop and improve the organisation structure of their bank so that it can build on its customers, its products and its profitability by increasing income and reducing costs.*

## COURSE DETAILS

**Course Hours** 14 (2 days)

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### Target Audience

This course is intended for senior and middle level management of commercial banks who need to understand how to develop and improve the organisation structure of their bank so that it can build its customers, its products and its profitability by increasing income and reducing costs and the level of risk.

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### Course Description

During this course, participants will learn about the organisation structure of commercial banks and what benefits strong, logical and an essentially simple structure brings in terms of greater productivity and thus profitability. How this can be implemented or existing structures improved and what practical issues and difficulties are likely to arise, in particular in domestic financial institutions bringing in international standards of organisation and governance?

Draft Charters and documentation will be provided.

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### Course Objectives

- An understanding of the structure of commercial banks and how it will differ from companies in other sectors.
- An analysis of the role and functions of the shareholders, the Board of Directors, the various committees and the executive management and divisions of the bank showing they all fit and work together.
- An understanding of how the corporate governance requirements of a banking institution are met by a strong organisation structure
- Convey an understanding of how the organisation structure can reduce the level of risk taken by the bank and control costs
- A discussion of the current issues and difficulties in implementing an effective organisation structure.

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### Assessment

There will be no formal assessment, but participants will be expected to contribute actively to the discussions.

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### Course Languages

All presentations and hand-outs will be in English and the local language.

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### Prerequisites

At least three years banking experience at a middle or senior management level. A good working knowledge of English would be helpful but not a requirement. A translation will be provided.

## COURSE OUTLINE

### Module 1

#### The objectives of the organisation structure

- The principals of a good organisation structure
- Establishment of corporate objectives and priorities
- Banking is a difficult business with many dangers
- Reduction in the level of risk taken by the bank
- Cost control through centralisation, methodology and ratios

### Module 2

#### The organisation structure

- The OECD principles of Corporate Governance
- The hierarchy of commercial banks, stakeholders and titles
- Divisional structure (45% degree pyramid)
- Front Office/Back Office (four eyes principal)
- Matrix management: vertical and horizontal reporting

### Module 3

#### Corporate Banking Division

- Customer Relationship Management
- Business Development Officers
- Large corporates and State Owned Enterprises.
- Product Development
- SME Marketing Units

### Module 4

#### Retail and Networks Division

- Mass marketing and cross selling. Retail is a volume business.
- Standardised products and use of score cards
- Retail products development
- Management of distribution channels
- The responsibility for branches

### Module 5

#### Treasury and Trading Division

- The Dealing Room
- Centralised Treasury
- Funding and liquidity of the bank
- Client desks for large corporate customers
- Relationship with the Asset and Liability Committee

### Module 6

#### Risk Management Division

- Credit and Financial Institutions
- Portfolio Management
- Market Risk Management
- Operational Risk Management
- Risk Ratings and Problem Loan Workout

### Module 7

#### Operations Division

- Back Office Department for all payments and receipts
- Offices throughout the bank
- IT
- Services including HR, Legal and Strategy

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## Module 8

### Financial Division

- Accounting Department
- Management Reporting
- Financial Control

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## Module 9

### Management Structure

- The stakeholders in the bank
- Role of the shareholders
- The Board of Directors and collective responsibility
- The Board of Management and the Company Secretary
- Chief Executive Officer

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## Module 10

### Committees of the Board of Directors

- Audit Committee
- Nomination and Remuneration Committee
- Risk Committee
- IT Committee

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## Module 11

### Committees of the Board of Management

- Asset and Liability Committee (ALCO)
- Credit Committee structure
- Risk Management Committee

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## Module 12

### Risk Control

- Risk Appetite of the Board of Directors
- Audit Committee, Internal Auditors, External Auditors and Compliance
- Strategy, Budgeting and Management Information System
- The role and responsibilities of the ALCO
- Pro-active Portfolio Management, the Risk Rating System and Credit Risk Scoring

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## Module 13

### Examples of decision making Flow Charts

- Corporate Loan
- Retail Loan
- Open mismatch position
- Expense Control
- Employment of new staff

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## Module 14

### Implementation

- Step-by-step
- Change Management Team
- Responsibility and Accountability
- Job Descriptions
- Role of HR in staff development and team building

