



CERTIFIED FINANCIAL RISK MANAGEMENT (CRFM) COURSE OUTLINE

Course	Certified Financial Risk Manager
Instructor	Certified American Academy Instructor
Descriptions	Approaching financial risks, such as market, credit, and operational uncertainties, in a professional manner is becoming increasingly important. Market swings, interest-rate volatility, loan defaults, falsified data in company reports, and fraud have not only led to serious financial losses but also tarnished reputations in the past few years. It is becoming increasingly important to monitor and manage all types of qualitative as well as financial risks. A holistic approach to risk management enables a company to have a high level of awareness of, as well as uniformly assess, professionally manage and suitably control all of its risks. Discussions on risk management currently tend to focus on the negative effects (“left tails”) of risks. The same attention ought to be paid to the profitable zone as well. Modern management is based on an integrated approach, which takes into account and permanently monitors both the success and risk factors of a business strategy. A performance-oriented assessment of the effective risk situation consequently enables value-based business management. An integrated performance management system allows targeted and meaningful information to be collected. These can be the basis for the development of an optimal strategy and for taking



	the right entrepreneurial decisions.
Durations	3 Days
Objectives	On completion of this segment, participant should be able to: • Identify the types of financial risk faced by an organization • Apply a practical approach to assessing, monitoring and managing an organisation's financial risk • understand the funding, liquidity, interest rate, foreign exchange, commodity price and operational risk faced by organization's • Advise an organization on the procurement and management of funding and the allocation to competing long-term investments • Advise an organisation on the types of financial instruments that could be used to best manage an organisation's financial risk • Demonstrate the practical elements of accounting for derivatives, for both embedded derivatives and derivatives used for hedging purposes • Explain a practical risk management approach and control framework to manage both financial and operational risks
Target Audience	• Finance Managers • Risk Manager • Finance Staff



Course Descriptions

1. What is Financial Risk Management?

Presents an introduction to the financial risk facing organisations and the risk management process used to address financial risk. The methodology and concepts introduced in this module will be expanded upon throughout the segment.

- Understand the financial risk management process
- The impact of history on financial markets

2. Identifying Major Financial Risks

Strategic and operational foreign exchange and commodity risk management is also a core skill of a corporate risk manager. The key drivers that affect currencies and commodity prices are examined and the organisation's exposure determined. Strategic management of these exposures is achieved through the use of financial instruments and best risk management practice such as:

- How to identify key factors that affect interest rates, exchange rates, and commodity prices
- Evaluate the various financial risks that affect most organizations
- How key market risks arise, such as interest rate risk, foreign exchange risk, and commodity price risk
- The impact of related risks such as credit risk, operational risk, and systemic risk

2. Interest Rate Risk

Strategic and operational interest rate risk management is a core skill of a corporate risk manager. The global financial crisis of 2007–09 resulted in many corporate failures, and management can no longer claim ignorance of the dangers inherent in exposure to interest rate volatility or of the techniques for its management. This module explores the fundamental processes of interest rate risk management and its interrelationship with liquidity management and solvency such as:

- Identify opportunities to reduce interest rate exposure



- Evaluate ways to manage interest rate risk with forward rate agreements, futures, and swaps
- Assess the use of interest rate options

3. **Foreign Exchange Risk**

This module describes all aspects and issues as related to foreign exchange risks with all its implications such as:

- Assess ways to reduce foreign exchange exposure through rearranging business processes
- Compare foreign exchange hedging strategies
- Evaluate the risks associated with specific derivatives products and strategies
- *Compare foreign exchange hedging strategies*
- *Evaluate the risks associated with specific derivatives products and strategies*

4. **Liquidity Risk**

This module examines the procedures involved in liquidity and working capital management. The various debt and equity markets are explained with reference to organisational funding needs and suitability such as:

- Identify the major sources of liquidity risk
- Identify common methods for managing liquidity risk

5. **Credit Risk**

This module examines the procedures involved in Credit Risk analysis and the related credit governance. The various types of credit analysis and credit risk management methods are exposed in this module such as:

- Identify the major sources of liquidity risk
- Identify the major sources of credit and counterparty risk
- Identify common methods for managing credit risk
- Understand the basic types of credit derivatives



6. **Commodity Risk**

Strategic and operational foreign exchange and commodity risk management is also a core skill of a corporate risk manager. The key drivers that affect currencies and commodity prices are examined and the organisation's exposure determined. Strategic management of these exposures is achieved through the use of financial instruments and best risk management practice such as:

- Aspects of commodity-related risks
- Evaluate basic forward and futures strategies for managing commodity risk
- Identify additional strategies for managing commodity price risk

7. **Risk Management Framework: Policy and Hedging**

This module discusses the implementation of a risk management framework and associated controls to manage financial risks and the associated operational risks to which an organisation may be exposed. The key risk management principles are explored, including the roles and responsibilities of senior executives.

- Comment on the importance of financial risk management policy
- Develop an organizational profile to support risk management policy
- Evaluate opportunities to develop or refine a risk management policy

8. **Measuring Risk**

This module describes on strategies and techniques used to measure effectively all the inherent risks, and assessing the most applicable methodologies; while in parallel assuring strategy to estimate the risks such as:

- Differentiate between measures of exposure and measures of risk
- Consider the strengths and weaknesses of risk measurement methodologies
- Identify alternative strategies for estimating risks

9. **Global Initiatives in Financial Risk Manageme**

This module describes challenges pertinent in financial risk management, assist participant in identifying initiatives to reduce risks in particular areas; and moreover describes on the strategy to evaluate changes in capital adequacy that relate to systemic risks such as:



- Understand the challenges that exist in financial risk management
- Identify initiatives for reducing risk in key areas such as settlements, trading, and payments
- Appreciate the significance of accounting and regulatory initiatives
- Evaluate how changes in capital adequacy can reduce systemic risk

Case Studies

Case-based discussions will be conducted with topics related to the subjects of training. Exam exercises and questions evaluation.