

ACC 4713 BANKING INSTITUTIONS: MANAGING RISKS IN A DIGITAL WORLD

COURSE OUTLINE

AY2024/2025: SEMESTER 1 (AUGUST 2024 – NOVEMBER 2024)

[NOTE: this course will be offered in Semester 1 only]

ACADEMIC OVERVIEW

Course Instructors	Email Address	Initial	Office
A/P Tay Puay Hui	biztayp@nus.edu.sg	TPH	BIZ2 03-22
A/P Leong Hong Yew	bizlhy@nus.edu.sg	LHY	BIZ2 03-41

Workload	Projected no. of hours per week
Seminar (Lecture/Case Presentation)	3
Project, tutorial assignments, etc	4
Preparatory work	1

Units: 4

Co-requisites: None

Classes will consist of one three-hour session per week over 12 weeks, with a combination of lectures and case study presentations by students, including the final test.

INTRODUCTION

This course aims to equip students with an understanding of the key banking products and services, in relation to risk management and compliance activities, and how digitalization is affecting banking services. The lectures will discuss the key risks and controls affecting these banking products and services, such as in consumer banking, global markets, credit and lending, wealth management, and other banking support areas. The lectures will also cover the major banking regulations that are critical to managing a bank in Singapore, such as anti-money laundering/countering the financing of terrorism (AML/CFT). Based on their learning of the banking products and services, and the risk and compliance issues, students will learn how to plan a surveillance or review programme to assess the adequacy and effectiveness of the internal controls in a banking area. This course will also provide students with an understanding of the common modus operandi of banking frauds, misconduct and governance and control lapses, regulatory standards and career opportunities with internal audit, risk management and compliance in banks and the professional consulting firms.

ACC 4713 BANKING INSTITUTIONS: MANAGING RISKS IN A DIGITAL WORLD

OBJECTIVES

- To equip students who wish to pursue a career in banking with an understanding of the key banking products and services of a bank, and the associated regulations, risks and controls.
- To enable students to understand how the global financial banking system works, the international and local regulatory environment, key rules, regulations, and guidelines governing the banking industry in Singapore and internationally.
- To enable students to understand the impact the global financial changes and forces on banks in Singapore.
- To equip students with knowledge of the key financial, operational, compliance and information technology risks surrounding the functioning of a bank in the key banking product and services areas such as consumer banking, wealth management, corporate banking, global market activities, etc.
- To enable students to design surveillance programmes or risk review programmes that may be used to assess the adequacy and effectiveness of internal controls covering the key risk areas.
- To enable students to understand the ethical, corruption and fraud risks in banks, and the roles and limitations of anti-fraud and corruption programmes in mitigating these risks.

POSITION OF THE COURSE IN THE OVERALL SYLLABUS

This course builds on and complements your knowledge and understanding acquired through the corporate governance and risk management course, accounting and finance courses such as corporate finance and investments, and courses pertaining to the legal and regulatory framework involving business, corporate and securities laws and regulations.

LEARNING APPROACH

Risk and compliance is a very practical subject. Every bank needs to operate with a robust risk management and compliance framework. However, bank management continues to encounter risk, compliance and control issues on a frequent basis. In this course, students will be exposed to both the theory and practice of risk and compliance in a bank. In addition to textbook readings and journal articles, many practical examples of risk and compliance practices and issues affecting banks will be discussed to ensure that students' knowledge is grounded in practice. Extensive use will be made of MAS Notices and guidelines, Bank of International Settlements (BIS) guidelines, media articles and commentaries. The practical approach is reinforced through the involvement of lecturers and, guest speakers (if opportunities permit) who have extensive practical experience working in banks, videos/case studies involving real banking risk and compliance issues, and projects requiring students to

ACC 4713 BANKING INSTITUTIONS: MANAGING RISKS IN A DIGITAL WORLD

develop hands-on understanding of the risk and compliance areas of banks. Students will also conduct case study analysis in small groups pertaining to actual banking cases relating to governance, risk, compliance and control lapses, and conduct these case study presentations in class as part of their deliverables.

LEARNING OUTCOMES

At the end of this course, you should be able to:

- Apply your knowledge of governance, risks, controls and compliance in the banking industry in general, as well as in specific banking products and services,
- Identify and evaluate the adequacy and effectiveness of the key controls that are associated with the respective banking risks,
- Recite the key banking laws and regulations and assess the impact of international banking rules.
- Outline the operations of a banking department and to plan and design an appropriate surveillance or risk review programme.
- Communicate risk, control and compliance issues with management through surveillance or risk review reports.

COURSE ASSESSMENT

This course is based on continual assessment as set out below:

Assessment Components		
(i)	Group Project Presentation [^]	30%
(ii)	Mid-term Quiz [#]	20%
(iii)	Seminar Participation	20%
(iii)	Final Test (2 hours) [*]	30%
Total Assessment		100%

[^]The requirements of and assigned topics for the Group Project Presentation will be announced by the first week of the course.

[#]Week 7 - details of the mid-term quiz will be announced during the course.

^{*}Week 13 - the exact date, time and venue will be confirmed and announced during the course.

KEY AREAS OF SYLLABUS

- The major business and operations areas in a bank such as consumer banking, commercial banking, corporate and institutional banking, global markets, and wealth management,
- Relationship of banking regulators with the Bank for International Settlements (BIS), Financial Action Task Force (FATF), Association of Banks in Singapore (ABS), etc.

ACC 4713 BANKING INSTITUTIONS: MANAGING RISKS IN A DIGITAL WORLD

- Risk management guidelines and key banking regulations in Singapore
- Key business and operational processes in banks and the associated financial, operational, compliance and technology risks in the key banking products and services

READING MATERIALS

Additional readings may be assigned for each topic and they will be available in the library, on the web, or be uploaded onto the Canvas, where appropriate.

ACC 4713 BANKING INSTITUTIONS: MANAGING RISKS IN A DIGITAL WORLD

WEEK	DETAILED SYLLABUS <i>(indicative and may be subject to change)</i>	INSTRUCTOR
1	<p>INTRODUCTION TO THE BANKING LANDSCAPE IN SINGAPORE</p> <ul style="list-style-type: none"> ▪ Role of Monetary Authority of Singapore (MAS) and its regulatory and supervisory framework ▪ Key banking laws and regulations ▪ Types of banking licences in Singapore ▪ Systematically-important financial institution (“SIFI”) ▪ Self-regulatory organization in the banking industry ▪ International banking organizations 	LHY
2	<p>KEY RISKS AND REGULATIONS AFFECTING BANKS IN SINGAPORE</p> <ul style="list-style-type: none"> ▪ Key types of banking risks <ul style="list-style-type: none"> ○ Market risks ○ Credit risks ○ Liquidity risks ○ Operational risks ▪ Key banking regulations ▪ Culture and conduct in banking 	TPH
3	<p>BANKING RISK MANAGEMENT</p> <ul style="list-style-type: none"> ▪ Governance, risk management and control framework in a typical banking organization ▪ Designing a surveillance or risk review programme to evaluate the adequacy and effectiveness of internal controls 	LHY

ACC 4713 BANKING INSTITUTIONS: MANAGING RISKS IN A DIGITAL WORLD

WEEK	DETAILED SYLLABUS <i>(indicative and may be subject to change)</i>	INSTRUCTOR
4	<p>ANTI-MONEY LAUNDERING (AML) AND COUNTERING THE FINANCING OF TERRORISM (CFT)</p> <ul style="list-style-type: none"> ▪ Typical modus operandi of money laundering and review of past scandals ▪ Regulatory framework on AML/CFT ▪ The AML four-stage process ▪ Enterprise-wide risk assessment (EWRA) on money laundering and terrorism financing 	TPH
5	<p>CONSUMER BANKING</p> <ul style="list-style-type: none"> ▪ Consumer banking products and services ▪ Secured and unsecured credit facilities ▪ Customer protection ▪ Digital banking 	TPH
6	<p>FOREIGN EXCHANGE (FX) TRADING</p> <ul style="list-style-type: none"> ▪ Overview of the governance, risk management, control and compliance activities in the FX trading business ▪ Types of FX transactions and the FX trading process ▪ Key risks associated with FX trading and risk limits ▪ Lesson learnt from rogue trading scandals <p>Group 1 Case study presentation</p>	LHY
RECESS WEEK		

ACC 4713 BANKING INSTITUTIONS: MANAGING RISKS IN A DIGITAL WORLD

WEEK	DETAILED SYLLABUS <i>(indicative and may be subject to change)</i>	INSTRUCTOR
7	<p>MID-TERM QUIZ</p> <p>CORPORATE BANKING</p> <ul style="list-style-type: none"> ▪ Key functions, governance, risk management, control and compliance activities in corporate credit and lending business ▪ Products and services offered by a bank through its corporate banking business ▪ Key regulations relating to corporate banking activities ▪ Trade financing and risk management 	TPH
8	<p>GROUP PROJECT PRESENTATION (GPP)</p> <p>Group 2 Case study presentation Group 3 Case study presentation</p>	TPH
9	<p>WEALTH MANAGEMENT</p> <ul style="list-style-type: none"> ▪ Wealth management products and services ▪ Key risks of wealth management ▪ Private banking sales and advisory process ▪ Private banking code of conduct 	TPH

ACC 4713 BANKING INSTITUTIONS: MANAGING RISKS IN A DIGITAL WORLD

WEEK	DETAILED SYLLABUS <i>(indicative and may be subject to change)</i>	INSTRUCTOR
10	BASEL III <ul style="list-style-type: none"> ▪ Overview of Basel III requirements ▪ Capital Adequacy and Liquidity requirements Group 4 Case study presentation	LHY
11	Public Holiday	
12	INTERNAL CONTROLS REPORT Group 5 Case study presentation	LHY
13	FINAL TEST	TPH LHY

ACC 4713 BANKING INSTITUTIONS: MANAGING RISKS IN A DIGITAL WORLD

BIOGRAPHY OF INSTRUCTORS

Adjunct Associate Professor Tay Puay Hui

A/P Tay had served in the financial services industry over the past two decades until December 2019, particularly with Credit Suisse, Bank J. Safra Sarasin and EFG Bank in Asia, of which the last 11 years were as Regional Chief Operating Officer (“COO”), and the last two years as Deputy Regional Head of EFG Bank (“EFG”), a listed Swiss private banking group under the European Financial Group.

As the Deputy Regional Head and Regional COO, A/P Tay was responsible for overseeing all Legal & Compliance, Finance, Operations and IT matters in the Asia Pacific region. In addition, he assisted the Executive Chairman and Regional Head of Asia Pacific in ensuring adequate governance, supervision and control over the day-to-day activities of the EFG’s activities in Asia Pacific so as to ensure that they were conducted in a safe and sound manner in accordance with EFG’s business strategy to achieve its operational and financial objectives. During his tenure at EFG, A/P Tay also served as the Alternate Chief Executive (“ACE”) responsible for the business operations of EFG Bank AG, Hong Kong Branch.

Prior to his appointment at EFG, A/P Tay served as the Chief Risk Officer of Bordier & Cie AG, Singapore Branch. At Bank J. Safra Sarasin, Asia (“Bank Sarasin Asia”), A/P Tay held various leadership roles including Regional Chief Operating Officer, Regional Head of Risk Management, and Deputy Chief Executive Officer of Bank J. Safra Sarasin Ltd, Singapore Branch. As a key member of the senior management team in Asia and Chairperson of its Corporate Services Committee, Asset Liability Committee and Strategy Implementation Committee, he contributed to Bank Sarasin’s business growth in Asia, streamlined its operational and technology platform, and successfully led costs rationalization initiatives across Asia that achieved the desired cost efficiencies.

Having established a robust corporate governance structure in Bank Sarasin Asia, A/P Tay was instrumental in driving its successful bank licence upgrade from a merchant bank to an offshore bank branch in Singapore and steering the efficient transfer of business process in a seamless manner. A year later, he effectively managed and implemented the group change in controlling shareholder process in Asia after attaining the relevant regulatory approvals and implementing the necessary regulatory and capital safeguards.

Before joining Bank Sarasin Asia, A/P Tay worked at Credit Suisse, where he held a number of leadership positions including the Head of Compliance, South Asia and Head of Financial Accounting, Singapore Branch. Prior to this, he served as Audit Manager at PricewaterhouseCoopers leading audit engagements in banking, fund management and the non-financial services industry. A/P Tay is a Chartered Accountant from The Institute of Singapore Chartered Accountants (ISCA).

ACC 4713 BANKING INSTITUTIONS: MANAGING RISKS IN A DIGITAL WORLD

Adjunct Associate Professor Leong Hong Yew

A/P Leong has accumulated more than 25 years' knowledge and experience in the financial and banking sector. Of which, he was with 2 Singapore banking groups for 18 years, in areas of capital and risk management, financial management, financial and regulatory reporting, post-global financial crisis reforms (Basel III) implementation as well as external stakeholder management. His last position with a Singapore bank group (from 2008 to 2019) was Head of Entity Reporting and Controls. As a key member of the finance leadership team, he oversaw the bank's accounting operations, financial reporting, regulatory reporting and capital management functions of the group. He assisted the Chief Financial Officer and Chief Risk Officer in financial and risk management matters to ensure a sound and stable growth of the bank, as well as to seek optimal use of capital and resources, and to seek out opportunities to enhance business and risk decisions arising from significant regulatory or technological changes. During his stint with the Singapore bank, he both lead-managed and participated in enterprise-wide implementation projects in areas of capital, risk and compliance matters, as well as system implementation relating to financial reporting, regulatory reporting and business risk limits and controls. He is experienced in the setting-up and running of governance matters relating to capital & risk, product sales, audit and compliance matters.

From 2019 to 2024, he assisted the Deloitte South-East Asia practice focusing on regulatory advisory and assurance review for banks and financial institutions operating in the region. He has led-manage projects in assisting several digital bank aspirants in Singapore and Malaysia in financial and capital planning, setting up of entity governance, accounting and regulatory reporting operations. He is also involved in assurance work on bank-wide stress-testing, lending and credit operations, as well as anti-money laundering/countering the financing of terrorism (AML/CFT) matters.

He has also represented the Singapore bank and the industry on key regulatory changes. A/P Leong is a Chartered Accountant from The Institute of Singapore Chartered Accountants (ISCA).