



ALMA
ASSET & LIABILITY MANAGEMENT ASSOCIATION

CERTIFICATE

Certificate of Banking Asset
and Liability Management

STUDY GUIDE

January 2024



The Certificate of Banking Asset and Liability Management (CertBALM®), owned by the UK's Asset and Liability Management Association Limited (ALMA) and accredited by the ACT, provides a benchmark Level 6 qualification in bank and building society asset and liability management (equivalent to a final year honours degree) and a standalone qualification which is recognised by the banking industry.

The Course

The course comprises five units and equates to 200 hours of learning over a six month period. There is one online progress test following Unit One. This will be followed by two three-hour exams, both online, to test Units Two/Three and Units Four/Five and a wrap up Case Study/Assignment to test application of learning of the full course.

Summary of Key Dates for March 2024

11th March 2024	CertBALM® Start Date
2nd – 9th April inclusive	Progress Test for Unit 1
16th – 20th June	Residential School, face-to-face (four days)
11th July	Unit 2 and 3 tested in 3 hour examination
7th November	Unit 4 and 5 tested in 3 hour examination
12th December	Case Study (to prove application of learning) to be completed

To find out more details and to book a place on the CertBALM® contact:
project.manager@ukalma.org.uk



The CertBALM® will allow students to:

- gain a firm understanding of how to manage a bank's balance sheet, i.e. the management of capital, liquidity and funding as well as interest rate risk in the banking book.
- be able to recognise the practical problems arising from these risk and to solve such problems.
- understand the regulatory context of bank balance sheet management and the governance process that results.

How do you Study?

Learning Management System

Each of the five Units will be available online via the Association of Corporate Treasurers' (ACT) Learning study site to ensure that learning is easy and flexible, wherever you are. The CertBALM® is structured as follows:

Unit 1:	An Introduction to Banking, Treasury and Asset & Liability Management (ALM)
Unit 2:	Capital Risk Management
Unit 3:	Liquidity and Funding Risk
Unit 4:	Market Risk in the Banking Book
Unit 5:	Integrated Asset and Liability Management

There are no entry requirements for the CertBALM®; however the qualification is aimed at people working in the bank and building society treasury, balance sheet management, asset and liability management, risk and finance departments.

There is be an online Progress Test following the learning of Unit One, to ensure understanding of the subject, prior to moving onwards to study the remaining four Units.

Online Exams via ACT's e-Assessment Site

When you are ready to take your assessments, you will be able to do so via ACT's e-Assessment site. Sit your exam wherever it suits you – in your front room, if that works! - no need to come to a venue for a written examination.

You will have eight months to complete the CertBALM®, with 200 study hours required.



An Introduction to the Units

Unit 1 – An Introduction to Banking, Treasury and Asset & Liability Management (ALM)

Unit 1 constitutes an introduction to banking from an ALM perspective. It outlines what banks do, the products they provide, the markets in which they operate and their broader role in the economy. It also introduces the reader to the risks that banks inevitably run and examines how, in particular, the treasury and ALM functions seek to mitigate these risks. Finally, it provides a short introduction to banking regulation covering its purposes and structure.

The principal objective of Unit 1 is to equip students with all the necessary background information prior to their proceeding to the more specialised units.

Unit 2 – Capital Risk Management

Unit 2 covers the key principles of capital management for a treasury function.

The Unit introduces what capital is and why it is crucial for appropriate risk management of the bank itself and the wider financial system and economy. It outlines the various types of capital and the key difference between accounting capital and regulatory capital, discussing concepts of going concern and gone concern capital.

The Unit then considers the legislation on Bank Recovery and Resolution and the new forms of bail in debt that have been developed since the Global Financial Crisis to better manage failing banks.

Finally, the Unit discusses the benefits and challenges of enterprise-wide stress testing, with a focus on “concurrent” stress testing exercises run by the Bank of England, as well as CCAR in the US and the EBA-coordinated stress tests in Europe. This is essential to understanding risks within the balance sheet and the capital required to mitigate these risks during a business cycle.

Unit 3 – Liquidity and Funding Risk

This Unit addresses the increasingly important subject of liquidity and funding risk, which has been at the centre of market and regulatory focus since the financial crisis of 2007-08.

It describes the fundamental nature of liquidity and funding risk and the risk this causes to banks.



Students are introduced to methodologies and metrics for both identifying and managing liquidity and funding risk.

Standard regulator methodologies, by which banks are required to comply with as a minimum standard, are outlined in depth, but students are encouraged to understand and be able to challenge the sensitivities to assumptions that are implicit within these models.

The Unit continues with an introduction to the overall management and governance framework around liquidity and funding.

The Unit concludes with a chapter on planning and stress testing. This area in particular shows the connections between Unit 3 and Units 2 and 4. It is the interactions between these areas that are at the heart of the overall balance sheet management process and an important reason for taking this course.

Unit 4 – Market Risk in the Banking Book

While market risk is often thought of as primarily a trading book risk it, and particularly interest rate risk, can actually have a far greater financial impact on the banking book. This is because net interest income is the principal source of income for most banks and, therefore, any threat to this resulting from changes to the level of external interest rates needs to be measured and managed.

Unit 4 describes, from first principles, the nature of interest rate and other market risks and then proceeds to explain, with the aid of simple examples, the various ways in which these are quantified and controlled in the banking book.

The Unit concludes with a review of the current regulatory requirements and, in particular, how various jurisdictions are now implementing the Basel Committee Standards on IRRBB originally published in 2016.

Unit 5 – Integrated Asset and Liability Management

This Unit addresses how ALM fits together and how new regulations are changing the way banking is governed, organized, structured and valued.

Firstly, it describes the way banks have organized their ALM operations in the context of the fundamental changes in regulation and markets following the financial crisis of 2008.

The Unit covers the intersection between the new regulations and market environment and how it has changed the way banking is governed, organized, valued, structured and conducted.



These changes are described with the aid of real life examples of what happened to create the need for such fundamental change and guidance on the future structure and nature of banking.

The Unit draws together the learnings from Units 1 - 4 to give the student perspective on how the nature of banking, its norms and culture and relationship to markets and society has fundamentally changed and continues to adapt to the new financial order.

What will you learn?

By choosing to complete the Certificate of Banking Asset and Liability Management (CertBALM®) you will have learnt:

- To describe the fundamental concepts and risks of asset and liability management across all the major categories and understand how the modules inter connect.
- To quantify and understand the analytical and quantitative methods for measuring and explaining ALM risk.
- To recommend and advise – to set out options to solve issues that arise in bank treasury management and to explain those options' relative merits from the viewpoint of, e.g. practicality, materiality, effectiveness, culture and risk appetite.
- To communicate and apply – the ability to describe and explain ALM using practical examples.

Contact Details and Fees

To find out more details about the CertBALM® please contact:

project.manager@ukalma.org.uk

Fees: £4,150 + VAT, plus Assessment Fees for three exams paid directly to the ACT. The exam fees are currently £180 + VAT per exam (until 29th March 2024). After this, fees will increase to £200 + VAT per exam). Please note the Assessment Fees are subject to change.

Student Membership of ALMA

Anyone enrolling to study the CertBALM® will be offered student membership of ALMA, the fee for which is included in the enrolment fee. Student members can attend meetings, courses and conferences organised by the Association at member fee rates. They will also be added to the ALMA Newsletter subscription list.



About ALMA

Formed in 1992 as a trade association of asset & liability risk management practitioners in leading banks, building societies and other related companies, the Association became a company limited by guarantee on 6 June 2014. The company began trading on 1 November 2014 when it took over the assets of the Association.

The Asset and Liability Management Association Limited

The company currently has participants from over 100 UK, Irish and international institutions. It continues to expand further into Europe with well-developed links with AFGAP, a similar body in France.

The company's primary aim is to provide education and promote awareness of asset and liability risk management issues. It does this through a series of courses, conferences and evening events. At these the company seeks to promote and share best practice in related risk management techniques and approaches. The company provides a deliberately informal forum in which risk management professionals can network and discuss the issues facing the industry and their responses to these challenges. The company (and before it the Association) has fostered a culture of candor and openness to share views on areas as diverse as risk systems strategy, structuring of balance sheets to manage liquidity, credit and capital, experience in e-commerce and strategic business direction.



About ACT

The Association of Corporate Treasurers (ACT) sets the global benchmark for treasury excellence. As the chartered professional body for treasury, we lead the profession through our internationally-recognised suite of treasury qualifications, by defining standards and championing continuous professional development.

www.treasurers.org

