

*Managing risks, enhancing governance and the role of capital modelling
tools in risk management in the region's financial and regulatory
agencies in response to the global financial crisis*

**Training Program ~ 3 – 9 December 2009
Melbourne, Australia**

**Mr Ken Waller
Program Leader and Academic Coordinator**

Background and Objectives:

The objective of the program is to improve the capacities of regional policy makers and banking regulators in managing increased risks to the region's banking systems arising from the global financial crisis, in developing an understanding on governance arrangements and on the role and limits of capital models used by banks. The program will contribute to the enhancement of financial system stability in a time of crisis and help to promote growth and economic activity. Financial failures causes and lessons learned will be analysed in the context of emerging regulatory reforms and as regional economies implement Basel II. The program is funded by the Australian Aid Agency, AusAID, under the Public Sector Linkages Program, and by the Melbourne APEC Finance Centre supported by the Government of Victoria.

Faculty:

Mr Ken Waller, the Director of the Australian APEC Centre at RMIT and an expert with many years of experience in public policies in relation to the financial sector and a strategic advisor to major private financial institutions, is the Academic Coordinator for this program. Presenters and panellists will have both expertise and significant experience in the areas that will be addressed throughout the program. Each presenter will develop presentations for inclusion in the course. The presenters will be drawn from Australian and international institutions, private sector groups and academic institutions.

The course will include presenters from policy and regulatory agencies and from regulated institutions, from credit rating agencies, academia and professional groups. The course is designed to provide a 'holistic' approach to the philosophy of regulation, and practical insights into policy development and supervisory implementation from the supervisors' and industry perspectives.

Structure:

Each day of the program, chaired by the Academic Coordinator, will have a specific theme that will underpin all the sessions of that day. The sessions themselves will be arranged to reflect the theme and to fit in with the overall objectives of the program. The program below lists the topics that will be discussed in each session. In general, following each presentation, a discussion will ensue, featuring the participants, the presenter(s) of the session and moderated by the Academic Coordinator. The discussions will be an opportunity for participants to ask questions and for presenters to clarify and expand on any aspects of their presentation.

On the first day, representatives from the region will be asked to make brief presentations on regulatory issues in their respective economies that are relevant to the training program. Throughout the course, participants will be divided up into various groups for interactive workshops and sessions. On day 7, the workshop groups will deliver their presentations based on knowledge gained throughout the course, to the rest of the group.

Participation:

Nominations will be sought from the heads of policy and relevant regulatory agencies in the following economies: China, Fiji, Indonesia, Papua New Guinea, Peru, Thailand, Vietnam and the Philippines, as well as Malaysia and Bangladesh.

DRAFT COURSE PROGRAM

DAY ONE ~ Thursday 3 December 2009		
Venue: Mantra on Little Bourke Hotel		
Theme of the Day ~ Overview		
	8:30 – 9:00	Registration and Administration Matters – Centre Staff
Session 1.1	9:00 – 9:30	Welcome and outline of the program
	<i>Presenter</i>	Mr Ken Waller , Academic Coordinator
Session 1.2	9:30 – 10:15	Review of major recent developments in global finance; failures and causes, and dealing with systemic risk – ‘ <i>Lessons from the Sub-Prime / Global Financial Crisis</i> ’
	<i>Presenter</i>	Prof Kevin Davis , Melbourne Centre for Financial Studies
	10:15 – 10:45	<i>Discussion</i>
	10:45 – 11:00	COFFEE BREAK
Session 1.3	11:00 – 11:45	Broad responses to stresses and challenges by international agencies and standards setting bodies
	<i>Presenter</i>	Ms Lotte Schou-Zibell , Asian Development Bank
	11:45 – 12:15	<i>Discussion</i>
	12:15 – 13:30	LUNCH
Session 1.4	13:30 – 15:45	Presentations by participants on the impact of the financial crisis on their economy and on banking regulatory approaches and experience sharing
	<i>Presenters</i>	Participants
	<i>Discussants</i>	Mr Ken Waller , Academic Coordinator Prof Kevin Davis , Melbourne Centre for Financial Studies
	15:45 – 16:00	COFFEE BREAK
Session 1.5	16:00 – 17:00	<i>Discussion</i> : Identification of commonalities and differences arising from country presentations
	<i>Facilitator</i>	Mr Ken Waller , Academic Coordinator

DAY TWO ~ Friday 4 December 2009

Venue: Mantra on Little Bourke Hotel

**Theme of the Day ~ *Liquidity as a systemic risk and economic impact;
bank capital adequacy and regulatory changes***

	8:45 – 9:00	Welcome and administration matters – Centre Staff
Session 2.1	9:00 – 9:45	<i>Liquidity</i> : Constraints and causes, measurement and policy responses – ‘ <i>Bank Liquidity Management and Regulation</i> ’
	<i>Presenter</i>	Prof Kevin Davis , Melbourne Centre for Financial Studies
	9:45 – 10:30	<i>Discussion</i>
	10:30 – 10:45	COFFEE BREAK
Session 2.2	10:45 – 11:30	Economic impact of liquidity constraints – ‘ <i>System Liquidity Management</i> ’
	<i>Presenter</i>	Prof Kevin Davis , Melbourne Centre for Financial Studies
	11:30 – 12:30	<i>Discussion</i>
	12:30 – 13:45	LUNCH
Session 2.3	13:45 – 15:15	<i>Bank capital</i> : Measures of adequacy, stress testing, measures and constraints on raising capital in a crisis, regulatory and banking industry perspectives
	<i>Presenters</i>	Mr Paul Riley , Australian Prudential Regulatory Authority (<i>A regulator’s perspective</i>) Mr Bruce LeBransky , National Australia Bank (<i>A banker’s perspective</i>)
	15:15 – 15:30	COFFEE BREAK
Session 2.4	15:30 – 16:45	<i>Panel discussion</i> : Lessons from the crisis; preparations for the next crisis
	<i>Panellists</i>	Prof Kevin Davis , Melbourne Centre for Financial Studies Ms Lotte Schou-Zibell , Asian Development Bank Mr Paul Riley , Australian Prudential Regulatory Authority Mr Bruce LeBransky , National Australia Bank
Session 2.5	16:45 – 17:15	A discussion about lessons learned, and preparation for workshop activities
	<i>Moderator</i>	Mr Ken Waller , Academic Coordinator

DAY THREE ~ Saturday 5 December 2009

Venue: Mantra on Little Bourke Hotel

Theme of the Day ~ *Processes and Workshops*

	9:00 – 9:15	Welcome and administration matters – Centre Staff
Session 3.1	9:15 – 10:00	Risk management processes, models and their utility and governance of models
	<i>Presenter</i>	Dr Jules Gribble , Ernst & Young
	10:00 – 11:00	<i>Discussion</i>
	11:00 – 11:15	COFFEE BREAK
Session 3.2	11:15 – 12:30	Four contemporaneous workshops from four cross-economy groups, covering the development of policy responses and the implementation of policies to deal with four financial system challenges:
<u>Group A</u>	<i>Facilitator</i> Ken Waller	<i>Assessing systemic stability – define key policy and regulatory objectives</i>
<u>Group B</u>	<i>Facilitator</i> Jules Gribble	<i>Define capital management and the role of capital in banking system stability</i>
<u>Group C</u>	<i>Facilitator</i> Jules Gribble	<i>Provide an assessment and recommendation on the role of capital models and the governance of models in banking system stability</i>
<u>Group D</u>	<i>Facilitator</i> Ken Waller	<i>What are your key recommendations for policy measures to ensure public agency and institutional coordination in a financial crisis</i>

DAYS THREE & FOUR ~ Saturday 5 & Sunday 6 December 2009

Weekend – The rest of Saturday and all of Sunday are an opportunity for participants to prepare for their cross-economy group presentations that will be delivered on day 7

DAY FIVE ~ Monday 7 December 2009

Venue: Mantra on Little Bourke Hotel

Theme of the Day ~ Risk management; role and value of models

	8:45 – 9:00	Welcome and administration matters – Centre Staff
Session 5.1	9:00 – 9:45	<i>Credit risk:</i> The role of models in managing and assessing credit risk – links with liquidity management
	<i>Presenter</i>	Prof Christine Brown , University of Melbourne
	9:45 – 10:30	<i>Discussion</i>
	10:30 – 10:45	COFFEE BREAK
Session 5.2	10:45 – 11:30	<i>Operational risk:</i> Measures and management; models and limitations
	<i>Presenter</i>	Dr Jules Gribble , Ernst and Young
	11:30 – 12:30	<i>Discussion</i>
	12:30 – 13:45	LUNCH
Session 5.3	13:45 – 15:15	Issues in assessing internal capital models and measures of capital for regulatory and economic purposes.
	<i>Presenters</i>	Dr Mark Lawrence , Chairman Risk Management Group, Institute of International Finance (<i>A market perspective</i>) Mr Bruce LeBransky , National Australia Bank (<i>A banker's perspective</i>)
	15:15 – 15:30	COFFEE BREAK
Session 5.4	15:30 – 16:45	Various models in capital management and issues in assessing capital models
	<i>Presenter</i>	Dr Mark Lawrence , Chairman Risk Management Group, Institute of International Finance
Session 5.5	16:45 – 17:15	<i>Panel discussion:</i> Capital management models and issues
	<i>Panellists</i>	Dr Mark Lawrence , Chairman Risk Management Group, Institute of International Finance Mr Bruce LeBransky , National Australia Bank Prof Christine Brown , University of Melbourne
Dinner	19:00 – 21:30	Group dinner at Red Spice Road

DAY SIX ~ Tuesday 8 December 2009

Venue: Mantra on Little Bourke Hotel

Theme of the Day ~ Governance, disclosure and supervisory capacities

	8:45 – 9:00	Welcome and administration matters – Centre Staff
Session 6.1	9:00 – 10:00	Critical governance arrangements for effective risk management in banks; challenges arising from the global financial crisis; compensation and incentive systems; effecting cultural change
	<i>Presenters</i>	Mr Tim L'Estrange , ANZ Bank <i>(A banker's perspective)</i> Mr Tim Coyne , Ernst & Young <i>(A professional services perspective)</i>
	10:00 – 10:30	<i>Discussion</i>
	10:30 – 10:45	COFFEE BREAK
Session 6.2	10:45 – 12:00	Responses to Basel II, Pillar 3; disclosure and market discipline; the advantages and constraints of market transparency; understanding the basis of ratings
	<i>Presenters</i>	Mr Ian Thompson , Standard & Poor's <i>(A credit rating agency perspective)</i> Mr Syd Bone , Melbourne Centre for Financial Studies <i>(A finance professional's perspective)</i>
	12:00 – 12:30	<i>Discussion: The effectiveness of Pillar 3 of Basel II</i>
	12:30 – 14:00	LUNCH
Session 6.3	14:00 – 15:00	Supervisory requirements, capacities and managing impediments in the effective execution of their duties
	<i>Presenters</i>	Mr Brendan Scarra , Australian Prudential Regulatory Authority Dr Luo Ping , China Banking Regulatory Commission (tbc)
	15:00 – 15:30	<i>Discussion</i>
	15:30 – 15:45	COFFEE BREAK
Session 6.4	15:45 – 17:00	<i>Panel discussion: Ways to enhance interaction between banks and supervisors in the region; home/host banking and regulatory developments</i>
	<i>Panellists</i>	Mr Ian Thompson , Standard & Poor's Mr Brendan Scarra , Australian Prudential Regulatory Authority Dr Luo Ping , China Banking Regulatory Commission (tbc)

DAY SEVEN ~ Wednesday 9 December 2009

Venue: Mantra on Little Bourke Hotel

Theme of the Day ~ Key Messages

	8:45 – 9:00	Welcome and administration matters – Centre Staff
Session 7.1	9:00 – 11:00	Groups A, B, C and D with cross-economy representation will make a presentation drawing on the course materials, discussions and case studies. Each will address a specific topic based on Saturday’s session. The presentation will be followed by a whole group discussion.
	<i>Presenters</i>	Group A, Group B, Group C, Group D
	<i>Panellists</i>	Prof Kevin Davis , Melbourne Centre for Financial Studies Dr Jules Gribble , Ernst & Young Mr Ken Waller , Academic Coordinator
	11:00 – 11:30	COFFEE BREAK
Session 7.2	11:30 – 12:30	<i>Panel Discussion:</i> Future developments and likely trends in regulatory approaches
	<i>Panellists</i>	Prof Kevin Davis , Melbourne Centre for Financial Studies Dr Jules Gribble , Ernst & Young Mr Ken Waller , Academic Coordinator
	12:30 – 13:45	LUNCH
Session 7.3	13:45 – 14:45	<i>Forum:</i> Identifying emerging issues for regional regulators and ways to manage them
	<i>Panellists</i>	Prof Kevin Davis , Melbourne Centre for Financial Studies Dr Jules Gribble , Ernst & Young Mr Ken Waller , Academic Coordinator
Session 7.4	14:45 – 16:00	<i>Discussion:</i> Participant outcomes and feedback, as well as concluding comments (<i>time to complete feedback forms</i>)
	<i>Chair</i>	Mr Ken Waller , Academic Coordinator
	16:00 – 17:15	Graduation and cocktails – including presentation of certificates