

UNDERSTANDING FINANCIAL PRODUCTS, MARKETS & RISK

Overview

This course will cover the purpose and function of a bank treasury, the mechanics of money market, fixed income and derivative products, how financial markets are closely linked together and the key factors that influence the behaviour of market participants. In an increasingly global world, the financial services industry has led the way in the creation of borderless markets servicing customers around the world. The Nigerian financial system plays an ever-increasing role within global financial services markets, trading a sophisticated range of financial products and services to investors both locally and offshore. To operate successfully within financial services, industry participants must have a comprehensive understanding of how these products interrelate and the larger influences driving the financial markets. The course will be presented in a workshop format. This will include a mixture of presentation and case study materials.

Target Participants

The workshop is designed for staff who are new or have limited exposure to financial markets and wish to build a framework of understanding relating to the Treasury and financial instruments.

- New Hires in banks
- Capital Markets Professionals
- Treasury Professionals
- Sales & Marketing Staff in Financial Institutions
- Portfolio managers
- Traders and Dealers
- Legal and compliance
- Back Office & Middle-office Professionals

Course Objectives

On completion of this course, participants should have a clear

- The cash flow structure and appropriate use of these products
- The objectives of customers using these instruments
- Understanding of the treasury function.
- The financial products used, and the risks related to those products.
- Describe the scale and breadth of international financial markets.
- Describe the key participants in these financial markets.
- Describe the differing products and characteristics of the major financial markets.
- Explain the dynamic nature of changes in these areas.

Below is a summary of the course content. The content of each day has been placed in a logical sequence and addresses the main products, pricing, and application.

COURSE CONTENTS

INSIDE THE TREASURY

The Role of the Treasury

- The current competitive environment: why it is getting harder to cover costs
- Key jobs & functions

An introduction to terminology

- Yield curves
- Capital markets / money markets
- Libid / Libor
- Present value
- Long / short

- Accrual
- Mark-to-market
- Trading book / banking book
- Duration / basis point value
- Arbitrage
- Risk arbitrage
- Primary / secondary market
- Over -the-counter
- Exchange traded
- Hedging
- Spread differentials

MONEY MARKET & FOREIGN EXCHANGE

Financial mathematics & products

- Discount factors, present / future value
- Construction of the zero coupon model
- Yield curves and market conventions
- Swap spreads / government debt markets

Term structure of interest rates

- Credit differentials
- Government debt
- Corporate debt

Floating rate notes

- Pricing
- Issuance by financial institutions
- Perpetuals
- Embedded options

Fixed income securities

- Cash flow structure
- Interest conventions
- Price behaviour
- Interest rate risk
- Credit spreads
-

FRAs

- Product mechanics
- Settlement
- Use in hedging / trading

Interest rate swaps

- Structure
- Pricing screens

Generic interest rate swaps

- Who uses interest rate swaps?
- Comparison with other instruments
- Spot starts.
- Forward starts.
- Amortising structures
- Rollercoaster structures

Liability swaps

- New issues
- Hedging debt

Swap valuation

Money markets

- Loans and deposits
- Certificates of deposit
- Commercial paper

Foreign exchange

- Spot exchange rates
- Interest rate differentials
- Outright forwards
- Forward points
- FX Swaps

BONDS

- New issues & pricing

Zero coupons

- Cash flow structure
- Risk characteristics

Repo

- Classic repo
- Repo rate
- GC & Special
- Haircuts
- Use by traders & investors

DERIVATIVES

- Mark-to-market
- Basis point value

Currency swap structures

- Fixed / fixed
- Fixed / floating
- FX swaps
- Basis swaps

Using currency swaps

- With new issues
- With assets

Interest rate futures

- Contracts
- Pricing
- Product mechanics & use

OTC Interest rate options

- Caps/floors
- Swaptions
- Product mechanics & use

Investors

- What are their motivations?
- Importance of customer franchise to the bank
- What influences investor behaviour & what do they focus on?

Collateral & Credit Support

- The purpose of collateral & credit support
- Typical trades covered

- Mechanics
- Documentation
- Alternatives: break clauses, mark-to-market add-ons, third party guarantees

Capital/Measuring capital

- Purpose of capital
- Regulatory capital
- Influence on markets

End of Course & Closure.

| COURSE DURATION | DELIVERY MODE | DELEGATE CLASS SIZE | COURSE FEE/PARTICIPANT |
|--|---------------|------------------------|---|
| 3 DAYS | In-Plant | 8 (Guaranteed Minimum) | For quote, please click http://demvros.com/contact/ |
| Discount is available for class size above the minimum. Please visit www.demvros.com or call 08056154199 or e-mail for enquiries. | | | |