

Macro and Microeconomic Modelling

in cooperation with Risk Reward

Small and Medium Enterprises



Virtual



24 hours



GBP 600



Registration Deadline

24-Mar-2025

Overview

The Macro Economics and Global Financial Markets training course will provide participants with an understanding of the fundamental macroeconomic factors that influence current global financial markets as well as the operations of non-financial firms. The goal of the program is to create a coherent framework for understanding the macroeconomic environment and to provide a consistent interpretation of the role economic growth, business cycles, exchange rates, inflation, fiscal and monetary policy in shaping dynamics of global financial markets.

Key benefits

This program will help you:

- Recognise the different economic approaches and what works best
- Understand the current macroeconomic environment within a coherent framework
- Grasp the linkages between macroeconomic dynamics and financial markets
- Understanding what this means for an SME and their bankers
- Understand the factors behind currency and financial crisis in developing and developed countries
- Decipher the motivation and the actions of policy-makers
- Appreciate the issues relating to macro and micro economic modelling
- Appreciate the uncertainties and approaches for dealing with them

Learning Objectives

The aim of this program is to train delegates on:

- The impact that economic realities have on an SME
- The macroeconomic and micro economic impacts and how these differ
- The economic impacts on an SME in practice
- The nature of assumptions as concentrations
- The relationship to stress testing and scenario modelling

Who will attend?

This course is designed for executives and relationship managers involved with the SME market. It will also be of interest to investment, risk and strategy executive and personnel.

Course Outline

Session 1: Introduction to Macro and Micro Economic Modelling

- What are macro and micro economics?
- Their role in the world including SMEs
- Measuring economic activity and macroeconomic performance

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- Data and model properties
- Data cleaning and enrichment
- Model design and development
- Forecasting uncertainty
- Policy Analysis

Session 2: Economics and the SME

- How economics impacts SME performance
- Understanding concentrations and homogeneity within the SME community
- Aligning the analysis to the future risk of the SME
- How different parts of the SME market have been impacted by recent crises
- The nature of economic modelling within SMEs
- Predicting future financing needs
- Identifying economic success and failure factors within SMEs

Session 3: Understanding Macro Economic Variables and Long-Term Performance

- Economic management approaches
- Financial flows – savings, investments and the role of interest rates
- What this means for an SME
- The importance of gearing
- Considering available funds
- Strategies for growth
- Key economic uncertainties
- The impact on the SWOT analysis

Session 4: Money and Inflation, Business Cycles, Monetary Policy

- Money and Inflation
- Changing prices and demand for services for an SME
- Business cycles: Recession and recovery
- Identifying SME's likely to survive and sensible approaches
- What is currently happening?
- How can this be modelled?

Session 5: IFRS and economic risk

- Macroeconomic overlays and SMEs
- The application of macroeconomics to IFRS 9 modelling techniques
- Developing the life cycle model for SMEs
- Validating and monitoring the life cycle model
- Dealing with stress events and uncertainty

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Session 6: Developing the Macro Economic Model

- Building the model – the risks to be aware of
- What really needs to be modelled
- Identifying modelling assumptions
- The build approach
- Seeking model stability
- Issues of model approval
- Applying the model in practice to SMEs

Session 7: Developing the Micro Economic Model

- The nature of the local economy
- Its connectivity to the global economy
- The application of the macro model outputs to the micro model
- Micro factors and the SME – how granular can you be?
- Considering the implications of the innovation agenda
- Factoring in fiscal imbalances and approaches
- Considering political and other risks

Session 8: Key Modelling Issues

- Time series data
- Stationarity and non-stationarity
- Random walk
- Error correction
- Building a prototype model
- Input – output tables
- ARIMA models

Session 9: Final Lessons

- The entire framework and governance for SME lending
- Weighting assumptions and looking to future
- Identifying solutions
- Choosing the appropriate approach
- Management and reporting
- Modelling and validation
- Will it work?
- Challenges in practice

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Instructor Bio

Dennis Cox BSc BFP FCA FCSI

Dennis is the Chief Executive of Risk Reward Ltd, where he oversees all consulting and training projects. A UK Chartered Accountant and internationally recognized financial services risk management, compliance, internal audit and financial crime expert, he specializes in the interdisciplinary forward-looking impact of and opportunities of regulation, digital technologies, and the challenges surrounding credit, market, liquidity/treasury and operational risk, as well as successful compliance implementation techniques and model validation assessment, robustness and best practise.

He has more than 30 years of experience in the areas of risk, banking, financial crime, audit, and accounting having held senior management positions within the banking and accountancy profession as Head of Internal Investigations at HSBC Global Bank, Director, Risk Management at HSBC Insurance Brokers Limited, and Director, Risk Management, Prudential Portfolio Managers. Formerly he held a number of roles within the audit profession, including Senior Audit Manager (Compliance) at HSBC Holdings PLC and Senior Manager (Banking and Finance) at both BDO Binder Hamlyn and Arthur Young (now Arthur Anderson and Ernst & Young),

Since 2002 regional and national regulators and banks and financial institutions (traditional and Islamic) worldwide have benefited from the regulatory, technical and behavioural guidance and training afforded by Mr Cox directly and via well-established and trusted third parties.

He is a Fellow, Co-founder and Chairman of the Risk Forum for the UK Chartered Securities and Investment Institute and administers the Risk Reward Global Risk Forum on LinkedIn. A Fellow of the Institute of Chartered Accountants (FCA), he has also been a National Council Member for 17 years and a representative of the public as Council Member of the Institute of Actuaries (Insurance) for 10 years. He teaches the Global Financial Compliance; Combatting Final Crime and the Conduct Risk courses as examination preparation for certification by the CISI.

He holds an honours degree in Mathematics from the London University Westfield College. A much in-demand speaker and trainer known for his highly-interactive, practical, job-role approaches, ease of communicating complex topics into an enjoyable social learning experience with wit and personal attention to delegates, Mr. Cox is the author of An Introduction to Money Laundering Deterrence and The International Handbook of Money Laundering Deterrence, and Banking and Finance: Accounts, Audit and Practice, He is the co-author of The Mathematics of Banking & Finance and is the senior editor and author of several chapters in The Frontiers of Risk Management.