

Investment & Treasury



9180



In-Class



16 hours



EGP 7,000

Course Description:

This course aims to provide commercial bank professionals with a clear and practical understanding of Fund Transfer Pricing (FTP) as a strategic tool for internal funds allocation, performance measurement, and risk transfer. It explains how FTP links Treasury, Finance, Risk, and Business Units to support efficient pricing, profitability analysis, and sound balance sheet management.

Target Audience:

- This course is intended for employees working in all banks:
- Treasury professionals (especially ALM & Balance Sheet Management).
- Finance and Financial Planning & Analysis staff.
- Risk Management teams (Market and Liquidity Risk).
- Internal Audit and Compliance teams.
- Branch and Business Line Managers.
- Product and Pricing Teams.
- ALCO members.
- Any bank staff involved in internal pricing, profitability, or funding strategy.

Course Objectives

- Define the purpose of Funds Transfer Pricing (FTP) and its role in aligning Treasury.
- Analyze a bank's balance sheet to demonstrate how internal fund flows are linked to FTP.
- Describe different FTP methodologies to calculate transfer prices for loans and deposits.
- Identify how FTP influences profitability measurement, product pricing, and management reporting.
- Explain FTP's effectiveness as a tool for transferring and allocating liquidity and interest rate risks.
- Clarify an FTP framework that integrates governance, rate setting, MIS systems, and strategic decision-making.

Course Outline

Module 1: Introduction to FTP and Its Purpose

- What is FTP?
- Why commercial banks use FTP.
- FTP as a bridge between Treasury, Business Lines, and Risk.
- Internal bank concept: Treasury as fund provider.
- Overview of FTP benefits: pricing, performance, and planning.
- Illustrative real-world scenarios.

Module 2: Balance Sheet and FTP Basics

- Bank balance sheet structure: key components.
- Sources and uses of funds in a bank.
- How funds flow internally (assets fund liabilities and vice versa).
- Linking balance sheet items to FTP flows.
- Treasury's central role in managing funds.

Module 3: FTP Methods and Core Concepts

- Basic FTP approaches: Pool rate method, Matched maturity method, Single vs dual rate systems.
- Calculating FTP rates: illustrative examples.
- Behavioral assumptions for non-maturing products.
- Application to loans and deposits.

Module 4: FTP and Business Performance

- FTP and profitability by product, branch, or business line.
- Decomposing Net Interest Margin (NIM) using FTP.
- Impact on pricing and product design.
- FTP in internal MIS and profitability reports.
- Incentivizing sound financial behaviour.

Module 5: FTP and Risk Transfer (Liquidity & IRR)

- Basics of liquidity and interest rate risk (IRR).
- FTP as a risk allocation tool.
- Embedding liquidity premiums and duration-based pricing.
- Connection to regulatory metrics (LCR, NSFR – simplified view).
- Behavioral modeling and its FTP implications.

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Module 6: Implementing FTP in Practice

- Who owns FTP: Treasury, Finance, Risk, ALCO.
- FTP policies and governance principles.
- FTP rate setting process (example of FTP curve).
- System and MIS needs.
- Case study: simulate FTP pricing for a loan and deposit.
- Using FTP in ALCO, pricing, and business strategy meetings.

Assessment Strategy:

Participants will be informally assessed on their interaction during sessions and their participation in exercises.

Upon Successful Completion of this Course, participants will obtain:

1.3 CEUs.

Course Language:

English.

Prerequisites:

Intermediate level of English.