

Small and Medium Enterprises



9717-P26-CE-1



Blended



101 hours

Course Description:

This certificate is designed to provide the following:

- Comprehensive knowledge and practical skills in managing credit risk and other associated risks within small and medium-sized enterprises (SMEs).
- The certificate aims to equip participants with the ability to identify, assess, and mitigate various financial risks, thereby enhancing their decision-making and strategic planning capabilities.
- This certificate aims to enhance participants' capabilities to identify, measure, and mitigate various types of risks that SMEs face, ensuring robust credit risk management practices.
- Also, the certificate focuses on contemporary issues such as sustainability, ESG, climate change risks, and compliance with international regulatory standards, enabling professionals to manage SME portfolios effectively in a dynamic and complex financial environment.
- Additionally, it seeks to foster an understanding of regulatory frameworks, financial instruments, and risk management techniques specific to SMEs.

Target Audience

- **Credit Risk Analysts and Managers:** Responsible for assessing and managing credit risk within financial institutions.
- **Banking and Financial Services Officers and Managers:** Individuals working in roles related to lending, credit, and risk management in banks and financial institutions.
- **SME Financial Officers and Managers:** Who are involved in financial decision-making and risk management.
- **Consultants and Advisors:** Consultants providing advice on credit risk management to SMEs and financial institutions.
- **Auditors and Compliance Officers and Managers:** Ensuring adherence to regulatory standards related to credit risk.
- **Finance and Accounting Officers and Managers:** Individuals seeking to enhance their understanding of credit risk and its implications for financial management.

Course Objectives:

- Provide participants with a comprehensive understanding of the credit risk management principles and practices tailored to the SME sector.
- Enhance participants' skills in credit risk assessment and management, enabling them to effectively evaluate the creditworthiness of SMEs and manage the credit portfolio.
- Explain how to manage different types of credit risks, from credit agreements to debt recovery.
- Understand credit risk and price modelling.
- Provide participants with a comprehensive understanding of IFRS 9 and effect on SMEs.
- Understand Basel principles and impact of risk.
- Identify and explain the various risks associated with sustainable finance, climate change, and ESG.
- Explain Sustainability.
- Develop participants' expertise in operational and market risk management, ensuring comprehensive risk coverage across all aspects of SME operations.
- Understand how AI is used in banking and how to engage effectively.

Course Outline:

Module 1: The Credit Risk Environment

- Sources of credit risk.
- The key macro and micro-financial factors behind, and drivers of credit risk.
- Impact of credit risk in turbulent waters (Geopolitical Tensions).
- Industry analysis and counterparty risk.
- Credit risk strategy & implementing credit limits.
- Credit risk assessment framework.
- Concentration risk & exposure limits.
- Diverse credit portfolio & aggregate group position.

Module 2: Measurement of SMEs credit risk and adverse outcomes

- Introduction to SME lending.
- Understanding the SME credit risk profile.
- Fundamental Analysis of financial statements (Focused on SME credit risk evaluation).

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- Improving & evaluating the cash flow cycle.
- Analyzing financial statements techniques.
- Common accounting manipulations and red flags.
- Foundational understanding of credit risk principles.
- Evaluating the need for finance for SMEs.
- Financing methods and their risk implications.
- International trade finance instruments and related Risks.

Module 3: Managing Credit Risk - from Credit Agreements to Debt Recovery

- Facility structuring; credit agreements & covenants.
- Monitoring & controlling credit.
- The early warning signs and dealing with potential bad debts.
- Credit protection insurance (CPI).
- Collateral – from taking to realizing.
- Credit derivatives – CDS & CDO's.

Module 4: Modelling Credit Analysis & Price

- Credit rating systems.
- Credit risk modelling: –
 - Credit scoring models.
 - Distress models.
 - Value at risk (VaR) models.
- Risk-Adjusted Pricing – - RAP- RAROC in credit decisions.
- Stress testing credit – (Assessing the impact of changing market & economic conditions).

Module 5: IFRS 9 Standards

- IFRS 9 Introduction.
- Classification and measurement of financial instruments.
- Expected credit loss (ECL) model.
- Probability of default (PD) estimation for SMEs portfolios.
- ECL calculation and measurement for SMEs.
- Impairment.
- Regulation & supervision IFRS 9 financial instruments.
- IFRS 9 requirements & Reporting.

Module 6: Basel Accords

- Introduce regulations and supervision: Basel principles – impact of risk.
 - Basel I.
 - Basel II.
 - Basel III.
 - Basel IV.

Module 7: Sustainability, ESG and Climate change risks

- Sustainability, ESG, and climate change explained.
- Overview of risks in sustainable finance, climate change, and ESG.
- Corporate sustainability instruments.
- CBE instructions and guidance.
- International guidance and responsible Institutions.
- Impact of Sustainability, ESG & climate change on SMEs.
- Reporting.
- Case studies.

Module 8: Sustainability & Sustainable Finance (E-learning)

- Sustainability
- ESG
- Environmental
- Social
- Governance
- Highlight Physical risks:
 - On the environmental level:
 - On the social level
 - On the governance level
- The current efforts
- The national efforts on ESG
- The role of the banking sector in ESG
- Personal tips that support Sustainability

Module 9: Operational and Market Risk for SMEs

- Introduction to operational and market risk for SMEs.
- Framework of operational risk.
- Market risk (interest rate risk, foreign exchange risk, liquidity risk).



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Module 10: AI in Banking (E-learning)

What is AI?

- AI Definition
- Types of AI
- Real-life examples

Why AI in Banking

- Reasons to adopt AI in the banking sector

AI Use Cases in Banking

- AI Use Cases in Banking

AI's Capabilities and Limitations

- What AI Can Do
- What AI Cannot Do

Challenges and Risks

- Challenges and Risks
- How to handle these challenges

How to Get Ready for AI in Banking

- Steps to Get Ready for AI in Banking

Conclusion

- Conclusion

Study tour (Optional).

Assessment Strategy:

Participants will be assessed based on the following:

- 60% average cut-off score in the Post Exams.
- 70% cut-off score in Applied Research.
- Participants are required to successfully complete the e-learning modules.

Weights in the certificate:

- Applied Research – 50%.
- Post Exams – 40%.
- Participation 10%.

Course completion will grant participants:

This course entitles participants to obtain 8.4 CEUs.

Course Language:

English.

Prerequisites:

- Minimum 3 years of experience in risk/credit field.
- English language level must be intermediate.