

# **Understanding The Anatomy of Financial Crisis Events and Its Applications To Risk Management**

## ***Comment from past participants***

*“As someone without a deep understanding of the types of risks in the financial markets, I found this seminar to be very informative in laying out the basic principles of identifying risks and the possible ways of managing them. Through Chris’ shared experience, I also got to learn about the complexities of trading and am now a lot more interested to find out how regulators (like BNM and the SC) will fare in managing the monitoring of new structured investment products. A great seminar I’d recommend to my supervisory colleagues!”*

– Ms. Suffaneena Binti Ahmad Sufian, Bank Negara Malaysia, Malaysia.  
[Class of December 2010]

*“I am impressed with the facilitator’s depth of experience and knowledge. It brought back memories of the crisis then.”*

– Mr. Lee Kwok Meng, Lion Global Investors, Singapore.  
[Class of October 2011]

*“It was a real pleasure listening to and learning from Chris sharing his wide and deep experiences elaborating on the past financial crisis events. His sharing of his own experiences during the various crisis’ that he went through in his career brings much color and “actuality” on the various ground events which transpired. I was also impressed by and fully appreciated Chris’ depth of coverage on Basel, right up to the latest Basel III”*

– Mr. Max Ung, ABN AMRO Bank N.V., Singapore.  
[Class of April 2016]

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## *Highlights*

- Risk Management is Everyone's Business, not just the CEO's, CFO's or CRO's! It should be a Business Enabler that must accompany the strategic development of the business so as to lead it to new levels of accomplishment.
- Learn to be an informed Financial Risk Champion, who is familiar with the background, different variations and impact of Financial Crisis, and the possible responses required.
- Walk through the various actual crisis faced by institutions, governments and regulators, and the international financial community over time, and how they responded.
- Gain insight into the early market crisis in exchange rates, stock markets, housing and credit markets, and the extreme interest rates scenarios.
- Be introduced to the Basel I Capital Accord, Basel II, their related triggers, issues and limitations.
- Be introduced to the Wall Street Sub-prime Crisis, the resultant Basel III response and its components such as the changes and enhancement in Capital Adequacy, Liquidity components, and Basel III's impact on Banking institutions and their business models.

**Seminar Facilitator**  
**Mr. Christopher H. L. Chan, B.Ec., MBA**

**Seminar Duration**  
**2 Days, 9:00am to 5:00pm**

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## Seminar Background

Risk Management is everybody's business, not just that of its Risk Management Department, CRO or CEO! It is crucial in all business enterprises, be they banking institutions or other commercial organizations.

Throughout historical financial crises, many institutions have suffered irrecoverable blows due to inadequate understanding of risk management processes amidst unexpected situations that arose. Over-confidence arising from periods of general stability often contributed to that false sense that things can only get better.

Regulators are requiring companies and financial institutions to adopt prudence and implement new measures to safe-guard against financial shocks, thus the need for institutions to understand these reforms and their objectives.

This seminar walks through the major crisis events from the 1970s through to current events after the financial meltdown, and the responses of regulators. It looks at the crisis that brought about the original Basel I Capital Accord, its features and limitations, and the steps taken under the Basel II measures. It goes on to examine recent financial crisis, new financial developments, and current measures and methodology taken under the Basel III Framework.

This seminar highlights risk scenarios as experienced in the past, the mitigation measures on firm-wide and systemic basis especially those taken by regulators. It aims to enhance attendees' background knowledge of financial crisis, measures taken by regulators, how these measures could impact a Financial Institution or the Financial System, and allow them to respond accordingly to crisis in a much more strategic manner.

## Seminar Content

- **Introduction:**
  - Basic Risk Types – Credit, Market and Operational Risks
  - The Foreign Exchange Markets: Floating Rate – Crisis Response of 1970s
- **Crises of the 1970s and 1980s**
  - First Systemic Crisis under Floating Rate System and Early Control Response
  - Credit Squeeze and High US Interest Rates of late 1970s
  - Exchange Rate and Plaza Accord – Orchestrated Unison against Crisis
  - Classic Crisis: Runs on Banks and 1987 Oct Stock Market Systemic Crisis
- **Crisis and Regulatory Response of 1970s and 1980s – Basel I**
  - Basel I Capital Accord: Objectives and Measures
  - Capital Requirement – Credit and Market Risks
- **Crises of the 1990s**
  - Interest Rates: The extreme High, Low and Impact. Cases
  - Capital Flow: Inflow and Outflow - Regulators' Dilemma and Response
  - Capital Flow: Asian Crisis and Capital Control Response
  - Derivatives: Development, Types, Growth, Impact and Crisis.

- **Crisis Management of the 1990s – Basel II**
  - Short coming of Basel I
  - Basel II: Principles, Objectives, Measures
  - Overview of 3 Pillars
  
- **Crises of the 2000s**
  - WTC 9/11 and SARS: Impact and Response of Financial Institutions
  - Sub-Prime Crisis and Lehman Brothers
  - Related Crisis Events: Merrill Lynch, AIG, Goldman Sach, Madoff Ponzi Scheme
  - List of Largest Bank Failures
  - Post Financial Crisis “Black Swan” Cases: SBC, UBS, JPMorgan
  
- **Crisis Management of the 2000s – Basel III**
  - Basel III : Principles, Objectives, Measures
  - Regulatory measures - Capital Adequacy Changes and Leverage Ratio
  - Liquidity: Principle, Framework, LCR and NSFR.
  - Related Regulatory Guidelines
  - Timelines
  - Impact on Banking Institutions and Financial System.
  
- **Conclusion: Current Views and Expectations**

## **Benefits of Attendance**

Participants will gain awareness of the various possible risk scenarios as they actually occurred in the past, the risk mitigation measures taken on firm-wide as well as on a macro systemic basis via the Basel measures, and thus enhancing their knowledge and foundation so as to allow them to contribute to an “ideal” risk culture.

## **Who should attend?**

Risk Management and Basel Team personnel, Treasury Dealers and Managers who are taking on more strategic roles, Research and ALCO support staff personnel, Internal and External Auditors, and Regulators covering Risks and Financial Sector Supervision, and Financial and Banking Stock Analysts

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## Seminar Facilitator

**Mr. Christopher H. L. Chan** is a Business Domain Expert Facilitator with PI ETA Consulting Company.

Chris is currently Assistant General Manager in the Audit Division of a financial institution, covering its group and overseas Global Markets and Risk Management areas. He had been at different periods, Head of Market Risk and Treasury Risk Management Department of a Malaysian commercial bank, and Senior Vice President in the Risk Division of an Investment Bank.

Chris has been in banking for over 37 years, mainly in the field of Treasury Trading and Management, as well as Risk Management. He started his career as a Dealer in a commercial bank, and subsequently to managing a Trading Room over a period of more than 20 years, after which he moved on to Risk Management. His expertise covers area in the Foreign Exchange Market, Money Markets, Fixed Income Instruments and Derivatives, as well as Risk Management and Auditing. He had been involved in Asset-Liability Management and its processes for almost 30 years.

He is actively involved in training via the Malaysian Banking Institute (IBBM), as well as in making presentations to corporate clients through the years. Chris is and has been for many years, an examiner in the IBBM committee that oversee the certificate examination for treasury dealers in the Malaysian banking community. He holds a Bachelor of Economics (B.Ec.) degree from the University of Malaya and a Master of Business Administration (MBA) degree in Finance from the University of Hull.

**For more information, please contact PI ETA Engagement Resource (PEER) Group at**  
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