Finance, Accounting and Banking

Financial Risk Management (FRM)

Course Introduction

Financial Risk Management (FRM) is the process of **identifying, assessing, and mitigating risks** that could impact a company's financial health. It involves applying **strategies, tools, and techniques** to manage uncertainties in financial decision-making.

This course provides a **comprehensive approach** to understanding different types of financial risks, including **market, credit, liquidity, and operational risks**. Participants will learn how to **analyze risk exposure, develop risk mitigation strategies, and implement effective financial controls**.

The ultimate goal of financial risk management is to **protect assets, minimize potential losses, and ensure long-term financial stability**, equipping professionals with the skills to navigate complex financial environments confidently.

Target Audience

- Risk Managers & Analysts
- CFOs & Finance Directors
- Treasury & Cash Management Professionals
- Investment & Portfolio Managers
- Compliance & Regulatory Officers
- Corporate Planners & Strategy Executives
- Internal Auditors & Controllers
- Banking & Financial Services Professionals

Learning Objectives

Types of Financial Risks:

- **Market Risk:** The risk of financial loss due to fluctuations in market prices, including stock prices, interest rates, commodity prices, and exchange rates.
- **Credit Risk:** The risk that a borrower or counterparty will default on their financial obligations.
- **Liquidity Risk:** The risk that a company may not be able to meet its short-term financial obligations due to an imbalance between its liquid assets and liabilities.
- **Operational Risk:** Risks arising from inadequate or failed internal processes, systems, or external events (e.g., natural disasters, fraud).
- **Interest Rate Risk:** The risk of losses due to changes in interest rates affecting the value of investments or the cost of borrowing.
- **Foreign Exchange Risk:** The risk of loss from changes in exchange rates affecting international business transactions.

Course Outline

- **Day 01**

  Risk Identification:

  - Identifying potential risks is the first step in risk management. This involves a thorough analysis of the financial environment, internal systems, and external factors that could impact the business.

  Risk Assessment:

  - Once risks are identified, they must be assessed in terms of their potential impact and probability of occurrence. This is often done using quantitative models such as Value at Risk (VaR) or stress testing to simulate worst-case scenarios.
- **Day 02**

Risk Mitigation:

  - **Hedging:** Using financial instruments like options, futures, and swaps to offset potential losses.
  - **Diversification:** Spreading investments across different asset classes or geographical regions to reduce exposure to any single risk.
  - **Insurance:** Using insurance products to protect against specific risks, such as property damage or business interruption.
  - **Risk Transfer:** Shifting the financial responsibility for certain risks to another party, such as through contracts or outsourcing.
- **Day 03**

  Monitoring and Reporting:

  - Continuous monitoring is essential to ensure that risk management strategies are working as expected. Financial institutions and corporations often set up risk management frameworks to regularly assess their risk exposure and provide reports to senior management.

  Regulatory Compliance:

  - Financial risk management also involves compliance with various regulatory standards and guidelines. This includes adhering to frameworks such as the Basel III guidelines for banks, Solvency II for insurance companies
- **Day 04**

  Tools and Techniques:

  - VaR (Value at Risk): A statistical technique used to measure the potential loss in value of an asset or portfolio over a defined period for a given confidence interval.

  - Stress Testing and Scenario Analysis: Simulating extreme market conditions or hypothetical events to assess how a portfolio or company would respond.
  - **Credit Rating Models:** Evaluating the creditworthiness of borrowers using models like the Altman Z-score or credit scoring systems.
- **Day 05**

  Risk Governance:

  - Establishing clear governance structures and accountability for risk management is crucial. Senior management, risk officers, and the board of directors must work together to implement and monitor effective risk strategies.

Confirmed Sessions

FROM	TO	DURATION	FEES	LOCATION
April 27, 2025	May 1, 2025	5 days	4250.00 $	KSA - Riyadh
July 6, 2025	July 10, 2025	5 days	2150.00 $	KSA - Riyadh
July 21, 2025	July 25, 2025	5 days	4250.00 $	UAE - Abu Dhabi
Nov. 3, 2025	Nov. 7, 2025	5 days	5950.00 $	USA - Texas