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Reforming Master Programmes in Finance in Armenia and Moldova / REFINE

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# The course **Banking Management** overview

***Gavar State University***  
***Teacher: Manvel Kaloyan***



# Document History

Version	Date	Author(s)	Description
Course Banking manageme nt	29.10.2019	Manvel Kaloyan	Draft - first
Course Banking manageme nt	30.01.2020	Manvel Kaloyan	Draft - second
Course Banking manageme nt	31.05.2020	Manvel Kaloyan	Final Version

## Disclaimer:

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# BASIC INFORMATION



<b>Title of the course (as specified in the reformed curriculum)</b>	<b>Banking management</b>
<b>Name of the teacher</b>	Manvel Kaloyan
<b>Novelty of the course (please select as appropriate)</b>	This course is an updated and revised version of a course which already exists in the curriculum
<b>Year of the course in the curriculum</b>	2 <sup>nd</sup> year
<b>Semester of the course in the curriculum</b>	1 <sup>st</sup> semester
<b>Language of instruction of the course</b>	Armenian
<b>Number of ECTS credits</b>	3 credits

# LEARNING OUTCOMES



Explanation: Please specify the learning outcomes of the course.

The main goal of the course is studying the banking system, the activities of commercial banks, the structure and management of banking operations, the essential functions of management and their application in the current market economy.

## **By the end of the course, the student will know;**

- banking laws,
- the essence of subject of banking management,
- the main functions of management,
- the system and structure of Banking Management,
- the objectives of Banking Management;
- the features of the staff, its management
- modern banking system management in the modern market economy.

# LEARNING OUTCOMES



## The course will enable the student;

- to study the entire banking management system, in particular, its sources, goals and objectives,
- to describe organisation structure and role of the staff,
- to understand the management of finance as an integral part of management, also related to banking, banking risks, human and labour relations management.
- to study the banking risks, namely market risk, credit risk, operational risk, liquidity risk and risk of off-balance sheet operations.

# LEARNING OUTCOMES

**The students will be able to do;**

- define the primary sources of banking risks and can describe the methods of how commercial bank can manage banking risks, intertuce financial management, definition of banking and financial management, the system and structure of Banking Management, comment on Banking Management sources,
- identify the goals and objectives of banking management, making an evaluation and analysis of the financial results of the economic activities of the commercial bank.

# SYLLABUS OF THE COURSE



Subject title	Total classroom hours	1-st year, 1-st semester - 14 weeks			
		Weekly hours	Amount of credits	Lecture	Assessment
Project Management	28	2	3	28	Exam

# SYLLABUS OF THE COURSE



Week	Theme	Lectures per week
1	Financial and banking system of the Republic of Armenia	4
2	The essence of the subject "Banking Management"	4
3	The main functions of Management	4
4	Staff structure, its management	2
5	Financial Management	4
6	Banking risk <ul style="list-style-type: none"> <li>• Classification</li> <li>• Law regulation of risks</li> <li>• Market risk                             <ol style="list-style-type: none"> <li>1. Interest rate risk</li> <li>2. Commodity risk</li> <li>3. Equity risk</li> <li>4. Foreign exchange risk</li> </ol> </li> <li>• Credit risk</li> <li>• Operational risk</li> <li>• Liquidity risk</li> <li>• Management of off-balance sheet risk</li> </ul>	8
7	Modern banking services in a market economy	2
<b>Total</b>		<b>28</b>



# Topic 1. Financial and banking system of the Republic of Armenia



- Financial markets
- Key functions of financial markets
- Types of financial markets
- Banks and the banking system
- Banking laws and legal regulations
- The functions of the banking system
- The operations of the banking system
- Basic principles of commercial banks
- Supervision and regulation of banking activities
- Central bank

# Topic 2. The essence of the subject “Banking Management”



- Management as a science
- The essence and characterisation of management
- Management as a type of human activity
- Management as a process
- Management levels
- Management model
- Activities and tasks of the manager
- Management of banking activities: management style

# Topic 3. The main functions of Management



- Basic management functions
- Planning
- Organizational structure of management
- Management structure and their functions
- Motivation as encouragement
- Management control

# Topic 4. Staff structure, its management



- Human resources management
- Personnel management features
- Key issues of manager
- Staff and its structure
- Staff management stages
- Evaluation of work activities
- Staff recruitment, planning and selection
- Training of personnel and retraining
- Evaluation of work activities
- Training of managerial staff
- Working career
- Management of conflicts, changes and stress

# Topic 5. Financial Management



- Basics of financial management
- The issues of finance management
- Financial planning of the bank
- The capital of the banks and their structure
- Functions, structure and elements of the bank's total capital
- Sources of capital replenishment
- The attraction of funds and their placement
- Structure of bank liabilities
- Ways to attract funds
- Credit process
- Credit stages
- Management of loan portfolio
- Investment management
- The essence of investment and its types

# Topic 6. Banking risk



- Regulation of banking activities
- The concept and types of risk
- Risk assessment and management
- Principles of risk management
- Definitions of main banking risks
- Banking risk classification
- Law regulation of risks
- Market risk (interest rate risks, commodity risks, equity risks, foreign exchange risk)
- Operational risk
- Credit risk
- Measurement of credit risk
- Liquidity risk
- Liquidity and liability management
- Management of off-balance-sheet risks, and other
- Asset and liability management

# Topic 7. Modern banking services in a market economy



- Banks and payment systems
- Forms of the payment system
- Cash and cashless payment systems
- Payment cards
- Electronic payments
- By Phone
- By Computer
- Personal Digital Assistant
- Electronic money
- Modern banking services (internet banking, SMS, phone banking and other)

# TEACHING METHODOLOGY



**Lectures** – face to face teaching for the explanation of the scope of 7 topics described in the syllabus. General information about themes and concepts related to the course of study will be provided.

It is the most effective way to transfer scientific information, the most economical way of learning, as the lecture operates with a large amount of material and is addressed to a large number of people who can simultaneously perceive and assimilate educational material. During the lecture, the teacher can use the following methods:

- Discussion. The presentation of the material uses problematic issues, tasks, situations. Learning takes place through scientific search, dialogue, analysis, comparison of different points of view, etc.;
- Visualisation. Assume a visual presentation of the material using technical equipment, audio and video equipment, multimedia technologies, with a brief comment on the



# TEACHING METHODOLOGY



**Seminar classes.** During these classes, students present the material received at the lecture, in conjunction with the teacher in order to gain a thorough understanding of the information. Also, various tasks are solved together.

# TEACHING METHODOLOGY



**Individual assignments** – the assignments will include the independent study of relevant literature and articles. Each student will prepare and present the study during the course.

# LABOUR MARKET RELEVANCE



Explanation: Please explain the labour market relevance of the course (linked to findings of WP1) – maximum ½ page

The opportunities for economic development in the country are mostly dependent on the stability and credibility of the banking system. The modern banking system has a sophisticated, multi-branch structure. The organisation of financial and credit services for enterprises, organisations and the population is significant in the development of economic structures.

Along with finance, human energy investment is also required to get an economic output, so the purpose of management is to use human energy deliberately. The main goal of the course is studying the banking system, the structure and management of banking operations, the essential functions of management, modern banking system of management in the modern market economy and their application in the current market economy.

# Assessment and grading



- The course will be assessed as follows:
- **Maximum 10 points for attendance** - minimum point for attendance is 0.
- **Maximum 50 points for current activity in class** - this includes individual work and business case.
  - Individual work - The student analyzes a project designed for the specific purpose of a particular company. He/she make a presentation to show the results of the work - 30%.
  - Group work results - The students study business case and answer the questions for it by testing method - 20%,
- **Maximum 40 points for final exam (40% of which or minimum 16 points required to pass)** - testing method with multiple questions in the end of semester.

# Assessment and grading



Range of Ratings Points	Appointment	Grade	Point
<b>Excellent /81-100/</b>	A+	4,0	95 - 100
	A	4,0	87 - 94
	A-	3,7	81 - 86
<b>Good /61-80/</b>	B+	3,3	75 - 80
	B	3,0	67 - 74
	B-	2,7	61 - 66
<b>Satisfactory /40-60/</b>	C+	2,3	55 - 60
	C	2,0	46 - 54
	C-	1,7	40 - 45
<b>Unsatisfactory /up to 40/</b>	D	1,0	<40

# REFERENCES

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- 3. Moorad Choudhry, Principles, strategy and risk management, 2018
- 4. Subramanian T., Paramasivan C., Financial Management
- 5. Bessis J., Risk Management in Banking.
- 6. Babayan V., Basics of Banking, Yerevan, 2003.
- 7. Platonov V., Higgins M., Banking: Strategic Management
- 8. Basics of Bank Management, Yerevan, 2003
- 9. Edvards B., Credits Management, 2000
- 10. Suvaryan Y., Management
- 11. RA Civil Statute Book.
- 12. RA Laws Regulating Banking Activities.

## Useful Web Pages

- <http://www.cba.am>
- <http://www.banker.am>
- <http://www.banks.am>
- <http://www.uba.am>

# Course assignments (Group work).



**Group work.** Group forms of work allow creating more extensive contacts between students. The value lies in the collective experience of the situation, solving problems by the group, and in the formation of their point of view, scientific beliefs. From the experience of group work, it is noticed that students perform better tasks in the group than individually, which necessarily affects the improvement of the psychological microclimate in the classroom.

- **Discussions.** During the course, situational discussions are organised, which helps not only to perceive the theoretical material but also to gain practical skills.
- **Tutorial consultations.** The lecturer should actively participate in the discussions, advise students during practical lessons, individual and group assignments.

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# Course assignments (Group work).



The course teaching methods are based on active usage of the case studies and participant-centred learning. During the course study and tasks, various applications and databases are used; students are encouraged to use different scientific and practical researches. The lectures will focus on the significant points introduced in the syllabus.

The classes will provide general background information on the topics, yet, prior each class the students are expected to read the relevant materials, PowerPoint slides, and assigned readings to be able to complete the homework, projects, and case assignments. Students are encouraged to ask questions and actively participate in class discussions. Students are expected to attend the classes regularly and to be on time.



# Course assignments (Individual work).



**Individual assignments** for students relate to commercial banks operating in the Republic of Armenia, their staff, the forms and characteristics of financial management.

Using various literature, laws, booklets, publications, as well as visits to these banks, they should try to identify and present, as far as possible, the activities, structure and management of the bank, try to analyse the assessment of the financial results of economic activities of the bank.

- Individual homework. Students should study the given lecture material, the slides, the references and the recommended literature. It will allow the student to master the lecture material in greater depth and fulfil the assigned tasks.
- Written homework and practice assignments execution. Practice sessions cover homework exercises from books, essays writing and presentations, individual and group simulation games and assignments.



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