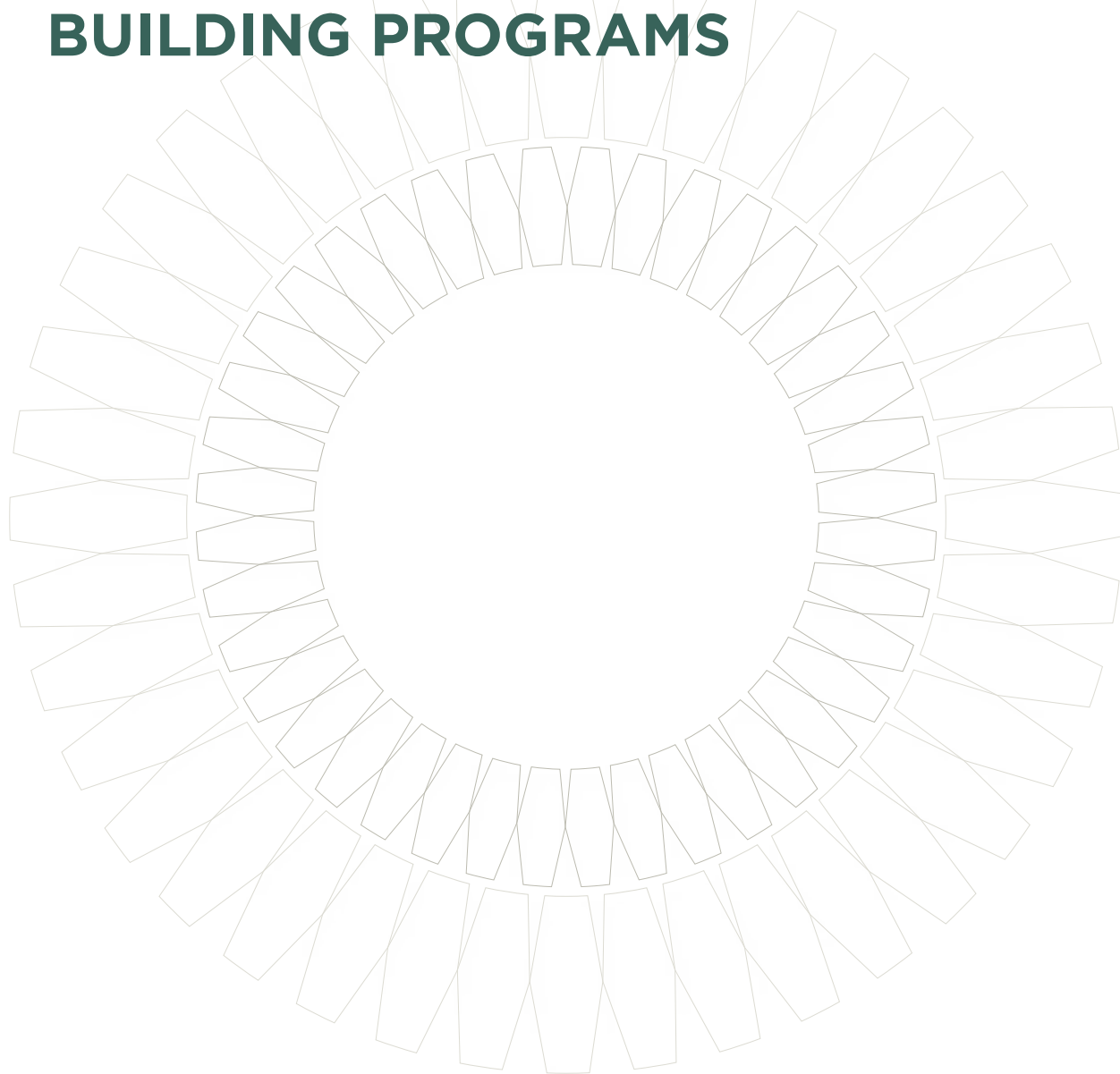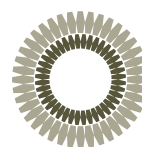# CORE PRINCIPLES FOR THE DEVELOPMENT OF EFFECTIVE BANK SUPERVISION CAPACITY BUILDING PROGRAMS

"Strengthening banking regulation and supervision in the Americas"

ASBA

ASSOCIATION OF SUPERVISORS
OF BANKS OF THE AMERICAS

CORE PRINCIPLES FOR THE DEVELOPMENT OF EFFECTIVE
BANK SUPERVISION CAPACITY BUILDING PROGRAMS

July 2021

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TABLE OF CONTENTS

BACKGROUND

The Continental Training Program (CTP) of the Association of Supervisors of Banks of the Americas (ASBA) derived from the Summit of the Americas in 1994, where the finance ministers of the region acknowledged the need to have robust supervision and regulation that support the development and the progressive integration of the markets. Likewise, in this summit, it was decided that the Association of Banking Supervisory Organizations of Latin America and the Caribbean (ASBALC) and the Council of Securities Regulators of the Americas were the bodies responsible for providing consistent training programs.

The Board of Directors of ASBALC agreed in October 1996 to submit a comprehensive training proposal called Continental Training Program (CTP). This program would become a permanent initiative contributing to develop the region's financial systems and avoid duplicating efforts among the Association members.

At the end of 1997, the ASBALC directors invited the supervisory agencies of the United States and the Multilateral Organizations to a meeting to lay the foundations of a regional training program with the following objectives:

- Improve the supervisory capacity of the regulatory agencies of the region

- Organize the training efforts under a single initiative

- Establish a permanent program that complemented the training efforts of each regulatory agency

Several modifications have been made to the CTP in its more than two decades of operation to adapt to the changes in international standards. For example, the impact of the evolution of technologies on the financial system, the emergence of new risks, and the availability and use of new and more efficient and effective training tools.

Recognizing changes in both the banking and training environments, the directors of ASBA considered it convenient to perform an in-depth review of the training program to better respond to the training needs of the members of the Association. A meeting held in February 2020[1] resulted in accepting the main guidelines for updating various facets of ASBA' training programs. A workgroup was created to do this review with officers from ASBA members who have experience in the design and management of training programs, coordinated by an external consultant.

Among the guidelines established, the following stand out:

- Improve the identification of the training needs of the Association members

- Update the contents of the courses and provide a better structure to them

From its creation, one of the main objectives of the CTP was to complement each regulatory entity's training efforts. To identify the courses that better complement their training efforts, the Association relies feedback provided by Members during the annual survey on training needs. Their feedback reflects the members' training needs by taking into account their internal training objectives, strategies or capacity and skills development programs.

To contribute to the design of the training strategies, the participants in the meeting of February 2020 agreed that the first objective to update the Training Program consisted of developing a document that contained *"the core principles for the design and implementation of training programs for bank inspectors."* It was envisioned that this document would help guide the institutions that need to develop training strategies for their staff.

In order to improve the contents of the courses and structure them better, it was agreed to review and update the knowledge of a bank inspector by specialization level, topics, and role.

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[1] In February 2020, a meeting was held in Miami, with 36 officers responsible for the training programs of the banking supervisory agencies of the Association, from Bahamas, Brazil, Costa Rica, Ecuador, El Salvador, Spain, the United States, Guatemala, Haiti, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, St. Kitts & Nevis, Trinidad & Tobago and Uruguay. A member of the Board of Directors as well as staff of the Secretary General also participated, finally, there were representatives from the Financial Stability Institute (FSI) and the Office of the Superintendent of Financial Institutions (OSFI) of Canada.

The document below is divided into three sections. The first section outlines nine core principles that can act as a reference tool for bank supervisory institutions seeking to develop new or strengthen existing training programs. The second mentions the organizational pre-requirements that the banking supervisory agencies must observe to implement the principles successfully. Furthermore, the third section presents a description of these core principles' characteristics. Finally, a series of definitions are included regarding this document's concepts.[2]

CORE PRINCIPLES FOR THE DEVELOPMENT OF EFFECTIVE BANK SUPERVISION CAPACITY BUILDING PROGRAMS

The purpose of the following nine principles is to be a reference tool that banking supervisory agencies can consider when developing new or strengthening their existing training programs. An efficient training program must observe the following nine principles:

1 **TRAINING OBJECTIVE.** The supervisory agency defines and widely communicates the objectives of the inspector's training and professional development. The objectives reflect compliance with the mandates and roles established in the corresponding legislation and regulations, as well as with the institutional values and objectives.

2 **GOVERNANCE FRAMEWORK.** The supervisory agency has defined a governance framework to manage the training programs. This framework defines the roles and responsibilities of the training departments and the supervisory units, including those of the committees created for this end.

3 **TRAINING POLICY.** The supervisory agency has a training policy approved at the highest level of the organization, including guidelines and directives to train inspectors throughout their professional careers. This policy is subject to regular review, updates, and acceptance by appropriate levels of organizational management.

4 **BUDGET AND MANAGEMENT.** The supervisory agency has the sufficient and necessary staff and the budgetary and technological resources to design, implement, manage, and update the training programs according to the governance framework and the institution's training policies and objectives.

5 **CURRICULUM.** The supervisory agency has a training curriculum that includes the knowledge and competencies that an inspector must have, depending on his/her professional and specialization levels. The curriculum considers at least three dimensions: areas of knowledge and competencies, professional development levels and areas of specialization. Additionally, it allows for the development of different learning paths for each type of inspector.

6 **ACTIONS FOR BUILDING AND MANAGING THE TRAINING PLAN.** The supervisory agency defines and describes the main actions that must be performed by the departments responsible for training, according to the governance framework, and the approved Annual Training Plan. There are four main actions required to prepare the training plan: Planning, Design and Development, Implementation, and Assessment.

7 **LEARNING MODALITIES, TOOLS, AND RESOURCES.** Various mechanisms are available to identify the most suitable learning formats, modalities, and methods to provide the training activities. These mechanisms deal with changes in the work environment, technology, and innovation.

8 **SYSTEM OF INCENTIVES.** The supervisory agency implements incentives systems that align the training programs with the inspectors' institutional and professional development objectives, contributing to promote and create new knowledge and competencies.

9 **DISSEMINATION OF RESULTS.** The supervisory agency evaluates and communicates the performance of its training programs every year.

PRE-CONDITIONS FOR THE IMPLEMENTATION OF THE CORE PRINCIPLES

The banking supervisory agencies must observe several organizational pre-requirements to implement the principles successfully. These pre-conditions are:

COMMITMENT AND INVOLVEMENT OF MANAGEMENT AND SENIOR MANAGEMENT. The active commitment, involvement, and supervision of Management and Senior Management of the supervisory agency are essential for the efficient training of inspectors. Management clearly supports and appreciates continuous learning. Besides, they are open-minded and take advantage of employees' feedback in terms of development needs and training results. Senior Management and those responsible for the different areas promote that effective training and development practices will improve individual and organizational performance.

STRATEGIC VIEW OF MANAGEMENT. To achieve the objectives proposed and to obtain the consensus required to incorporate and develop a human capital management structure successfully, the objectives and institutional priorities of the supervisory agency must be widely communicated and clearly understood by all members of the organization.

MINIMUM ORGANIZATIONAL ELEMENTS. The human capital management framework includes at least the following organizational elements that are linked to training:

- Updated and complete descriptions of the job positions' profile characteristics, including their tasks and the knowledge and level of competencies required for each.

- A transparent career ladder that identifies junior and senior career opportunities, and how training may contribute to those opportunities.

The characteristics of the job position profile and the assessment policies describe the types of competencies (institutional, technical, and managerial) that the inspectors must have to develop their tasks, the possible development levels and their performance assessment methodology. Having a description of the job position profile characteristics facilitates, among other matters, the identification of training needs so that the inspectors can develop the necessary skills to perform their positions effectively.

In this sense, the performance assessment policy results can be used to feed the training program, based on improving actions and identifying gaps between inspectors' current development and those in positions of greater responsibility or complexity, making it possible to create the corresponding development plans.

While the practices may vary among institutions, the afore-mentioned descriptions and policies are usually included in institutional organizational and manuals, competency models, and other documents of human capital management.

CHARACTERISTICS OF THE CORE PRINCIPLES FOR THE DEVELOPMENT OF EFFECTIVE BANK SUPERVISION CAPACITY BUILDING PROGRAMS

This section presents a description of the characteristics of the core principles proposed by ASBA that can act as a benchmark for the design and development of training programs by banking supervisory agencies.

1 **TRAINING OBJECTIVE.** *The supervisory agency defines and widely communicates the objectives of the inspector's training and professional development. The objectives reflect compliance with the mandates and roles established in the corresponding legislation and regulations, as well as with the institutional values and objectives.*

Criteria

- The supervisory agency promotes training its inspectors by providing them with the knowledge and competencies required for their personal development and achieving the institutional objectives.

- The training objectives are consistent with the corresponding laws and regulations and the nature of the institution's public agency.

- Training objectives are widely communicated and well understood by all members of the organization.

- There are clear links between the mission, the objectives, and the supervisory agency's culture and its efforts for training and developing. The supervisory agency's mission and objectives drive a strategic training and development approach.

- Training contributes mainly to the development of inspectors' judgment assessing the risk profile of the supervised entities.

- Training is an integral component of an inspector's career management program. Training should be one component of an annual career plan that expresses the inspectors' professional goals and expectations.

- Training is complemented with rigorous on-the-job training that reinforces classroom training.

2 **GOVERNANCE FRAMEWORK.** *The supervisory agency has defined a governance framework to manage the training programs. This framework defines the roles and responsibilities of the training departments and the supervisory units, including those of the committees created for this end.*

Criteria

- The governance framework elements are defined in the training policy, and they have the formal approval of Management and further dissemination to the entire supervisory agency.

- The governance framework ensures that the supervisory agency's stakeholders are involved in all the training and development process to ensure that the different perspectives are considered.

- The governance framework considers a *"special training function"* which is integrated to the supervisory departments. The special function can be exercised by a newly created unit, a committee, or even an individual representative of the agency's supervisory units (Figure 1).
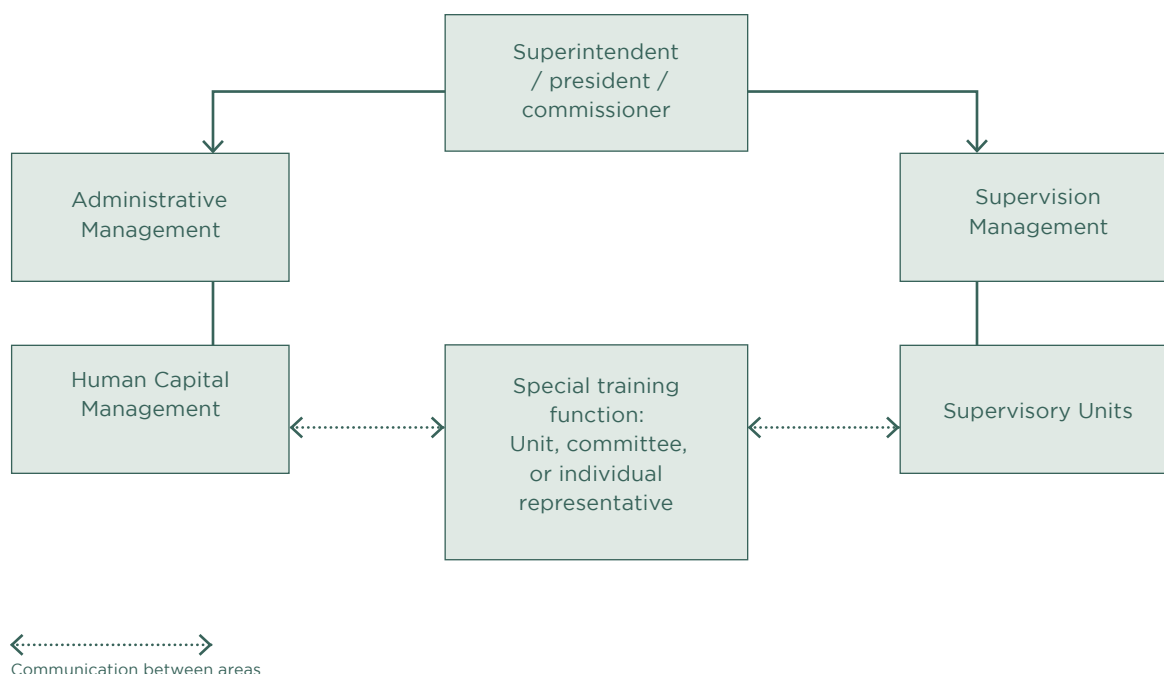
Communication between areas

Figure 1. Representation of the *special training function.**

- The special training function acts as the liaison between the supervisory units and the human capital management department.[3] This is, since the expertise relies on the supervisory units, the staff responsible to exercise this function facilitate the clear identification of training needs, assess the adequacy of the training activities' contents and materials, set mechanisms to evaluate inspectors' knowledge and competencies acquired through the training program, and carry out other responsibilities that require technical supervisory knowledge.

- The supervisory agency has a formal process (narrative or flow chart) to describe the stages, activities, steps, and the people responsible for inspectors' training.

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* The special training function can be attached to the Supervisory Unit or to the Human Capital Management.

[3] This is particularly important when the banking supervisory agency is integrated within a broader public agency (for example, Central Bank, Financial Supervisory Commission, etc.)

3 **TRAINING POLICY.** *The supervisory agency has a training policy approved at the highest level of the organization, including guidelines and directives to train inspectors throughout their professional careers. This policy is subject to regular review, updates, and acceptance by appropriate levels of organizational management*

Criteria

- The training policy's scope and content are proportional to the size, nature, and complexity of the financial system to be supervised.

- The training policy *i)* contributes to achieving the mission and strategic objectives of the supervisory agency; *ii)* promotes a culture of development, perfection, and strengthening of competencies, and *iii)* is consistent with the effective and efficient compliance of the tasks of the different job positions.

- The training policy is subject to periodic review, updated as necessary, and at least bi-annually ratified by Agency senior management.

- The purpose of the training policy is to define and lay down the guidelines to design, plan, execute, monitor, and assess the training programs. It contains at least the following main elements:

    a) Objectives and principles for the training of inspectors.

    b) Roles and responsibilities of the different departments of the supervisory agency regarding training and the organizational structure to achieve it.

    c) Description of the training program's components, including the actions and timelines required to plan, design, implement and assess the training program.

    The objectives of the training program's components are: a) to identify the short and long-term training needs, assess them, and take actions to address them, b) to develop and update the knowledge of the inspectors, and c) to strengthen their competencies.

    d) Description of the operations, tools, and resources available to implement the training policy. The internal and external policies must be structured and managed to offer a quality service, expand the base of resources, and improve performance.

- When the supervisory agency has a staff rotation policy, it should be aligned with the training policy. It might be necessary to provide or update knowledge or competencies to the group of inspectors who change their duties or specialties.[4]

- The training policy considers the role of inspectors in terms of training. While the supervisory agency is responsible for defining the minimum training requirements, the inspector, with the guide and approval of its superior, is responsible and has the tools required for the training self-management within the supervisory agency.

- The inspector training policy is reviewed and updated at least once every two years.

4. **BUDGET AND MANAGEMENT.** *The supervisory agency has the sufficient and necessary staff and the budgetary and technological resources to design, implement, manage, and update the training programs according to the governance framework and the institution's training policies and objectives.*

Criteria

- Delivering the training depends on an institutional budget allocated for this effect, based on the supervisory agency's needs, priorities and context.[5]

- Annual budgets are revised and approved by the senior management, variances are reported and addressed.

- The supervisory agency's resources are defined by cost-efficiency criteria, both in monetary terms and the hours invested by the inspectors.

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4. The staff rotation policy contributes to strengthen the judgment of inspectors because it allows them to gain experience in the supervision of different types of entities (for example: systemic, cooperative, single product, internationally active, among other business classifications or models), different topics (analysis of the credit portfolio or determination of capital sufficiency), as well as different specialties (credit risk, money laundering risk or terrorism financing).

5. For example, new regulatory standards, changes in the business models of the supervised entities.

- The supervisory agency prioritizes the programs related to strategic projects and their challenges.

- There is a system to record, communicate, manage, and to the greatest extent possible, provide the training activities in any modality. The system has ongoing technical and technological support for its proper operation.

- The choice of digital learning management systems[6] is made according to the organizational needs and culture, assessing the most widely accepted and used systems available on the market.[7]

- The management system is maintained and updated considering the context and the technological trends of the market. Therefore, the content and publications are collected to be migrated to more advanced systems if required.

- The system allows maintaining a registry (preferably automated) of the training program information. The records include relevant information, such as the names and description of each course, the number of participants enrolled, the number of participants who completed the training activity successfully, the training dates and duration, costs, information on whether the course was offered in-house or by an external agency, among others.

- The system maintains an information registry of the participants (work title, course title, dates and training, completion status, training costs).

- The system makes it possible to follow up on the progress of inspectors' learning path and complete the training requirements.

- The system allows the training program participants to post comments and suggestions.

- There are well-defined responsibilities for the system management: a) publication, organization, and classification of content and courses; b) technical support to users; c) information technology system support.

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[6] The digital learning management systems, also called learning platforms, are defined as Learning Management System (LMS). Additionally, the systems that offer greater possibility of content management and creation are called Learning Content Management System (LMCS).

[7] In the market, there are multiple digital LMS, from the most traditional or open to private code, those integrated with the HR systems, content generation, to state-of-the-art systems that offer Learning Experience Platforms (LXP), allowing for the creation of customized learning paths based on position, seniority, competencies, and preferences of each user.

- The learning management systems support the generation of control measurements and tools of what has been performed, which helps generate reports and information to analyze and adjust.

5 **CURRICULUM.** *The supervisory agency has a training curriculum that includes the knowledge and competencies that an inspector must have, depending on his/her professional and specialization levels. The curriculum considers at least three dimensions: areas of knowledge and competencies, professional development levels and areas of specialization. Additionally, it allows for the development of different learning paths for each type of inspector.*[8]

Criteria

- The curriculum comprises a series of thematic blocks linked to knowledge and competencies (catalog of knowledge and competencies) that make it possible to outline various learning paths aimed at professional growth and adequate development of inspectors in their job position.

- The curriculum considers the requirements of the inspector position. Considering the diversity, relevance, and complexity of the inspector requirements, the curriculum defines multiple learning paths in terms of specialization and depth, consistent with the professional development plan offered by the supervisory agency according to its organizational and functional structure.

- Each inspector covers the learning paths based on his professional growth route (professional knowledge, experience, and development). The inspector also covers the curriculum blocks through training activities selected for this purpose. Their progress and trajectory is recorded in the **training management system** to identify where he is in the grid of knowledge and competencies defined.

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[8] ASBA has created a prototype of Knowledge and Competency Grid that can be used by its members as reference to build their own curriculum grid, considering their specific needs.

- The curriculum is updated as modifications occur in the agency's external and internal context. The departments of training and technical supervision design and update the curriculum according to the requirements and objectives of the supervisory agency, the evolution of the financial system, new technologies, and the priorities of the institution.[9]

- The curriculum does not define the training course directly; it responds instead to the structure of knowledge and competencies. The training units identify needs, priorities, and the offer is based on the curriculum structure.

The catalog of knowledge and competencies includes thematic blocks and content that the inspectors will obtain during their professional careers. It lays the foundations to design the training activities.

- The families of knowledge and competencies consider at least the following dimensions:[10]

    a) *General knowledge:* It is useful for most of the supervisory agency inspectors. It groups knowledge related to the supervisory agency itself, the country's banking system, languages, information technology tools, and project management, among others.

    b) *Technical knowledge:* It is required for the inspector to perform a professional activity.

    c) *Competencies:* The knowledge and skills related to the competency model of the supervisory agency. They include institutional, managerial, and technical competencies.

- Each family of knowledge and competencies is divided, in turn, into standard thematic blocks, and each of them contains specific content.

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[9] For example: dynamism of the business model, changes in the supervisory scope, greater demands of the public sector, macroeconomic and political conditions, updating of international standards or the local regulation, among others, or of emerging or borderline topics (such as technological innovation, fintechs (bigtech/suptech/regtech), gender issues, among others.

[10] In the case of the curriculum proposed by ASBA, the families of knowledge are divided into seven classifications: Cross-sectional Knowledge, Markets and Financial Products, Quantitative Analysis, International Regulatory and Supervisory Standards, Risk Management and Solvency, Comprehensive Regulation and Supervision, and Organizational and Executive Competencies.

- The thematic blocks of each family of knowledge and competencies are assigned to different levels (basic, intermediate, advanced). These definitions are helpful as information to determine the minimum knowledge and competencies required for the job position profiles.

- The catalog of knowledge and competencies is updated periodically.

The supervisory agency **defines the professional development level** by job position profile, considering the minimum knowledge and competencies required to attain it, based on each inspector's specialty and level of experience.

- As a starting point for defining the professional development levels, the supervisory agency uses each job position profile.[11]

- To determine the inspector's professional development level, the agency considers the following attributes at a minimum: level of technical knowledge, job experience, levels of competency development,[12] job position category,[13] role,[14] and specialization.[15]

- The professional development level is classified into different levels depending on the assessment made of all the attributes as a whole.

- For the definition of the professional development levels, groups of inspectors with similar attributes are identified: similar experience, trajectory, and seniority in the organization. The number of professional development levels varies, and they can include from an initial professional development level to an advanced or expert level. While there is no rule for the number of levels, this number must be limited.

- For each professional development level, the supervisory agency assigns a name and a description of what it means for an inspector to be at that level.

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[11] The job position profile is the organizational element that summarizes and documents the attributes for each post and is updated and aligned to the training policies and curriculum.

[12] Competencies include, for example, communication, planning and organization, project management, leadership, among others.

[13] Assistant, Semi Senior, Senior, Assistant Manager, Manager, Director, among other categories.

[14] Supervision of savings and credit cooperatives, supervision of public banks, supervision of internationally active banks, supervision of national banks, among other functions.

[15] Comprehensive Supervision (generalist), Credit Risk, Financial Risks (market, liquidity, and interest rate), Operating Risk, Information Technology Risk, Capital, and Terrorism Financing Legitimation Risk, among other specializations.

6 **ACTIONS FOR BUILDING AND MANAGING THE TRAINING PLAN.** *The supervisory agency defines and describes the main actions that must be performed by the departments responsible for training, according to the governance framework, and the approved Annual Training Plan. There are four main actions required to prepare the training plan: Planning, Design and Development, Implementation, and Assessment.*

Criteria

- The Senior Managers approve the Annual Training Plan to foster the professional development of inspectors, considering the best training practices.

- The tools and methodologies used by the supervisory agency to plan, design, develop and manage the training programs and activities include, among others: catalog of knowledge and competencies; professional development levels of the inspector; curriculum and its dimensions; learning paths; system for the acquisition and generation of knowledge and competencies; databases of the learning management platforms;[16] management indicators and education and training reports, among others.

- The supervisory agency assesses and clearly identifies, according to its expertise and budget, the actions for building and managing the training plan that need to be outsourced, either in part or whole. This is particularly important where agencies have not yet developed the expertise to carry out a particular action (e.g. developing internal materials in-house, carry out internal courses developed in-house, etc.)

- The supervisory agency considers at least the following actions for building and managing their training programs:

  a) **Planning.** There is a formal process to create the Annual Training Program where the training priorities, needs, and activities are determined. The plan also considers budget management and updating. The plan is realistic in terms of the supervisory agency's scope and resources.

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[16] When the professional development level reached assumes personalized learning process (gap identification and management by individual), management systems are required to facilitate this administration.

- The supervisory agency has an annual formal process to identify the gaps between the existing workforce composition and its institutional objectives' attainment level. The process considers a protocol to obtain information from the key stakeholders.

- During the planning process, an analysis of the identified challenges, improvement opportunities, existing needs, and human talent in the supervisory agency is made. It is compared with the institution's objectives and priorities.

- To detect the training needs and gaps, the results of the following inputs are used, among others: identification of training needs through surveys and interviews; assessment of competencies and performance; professional career plans; quality assurance assessments and internal audit; existing strategic, tactical, and operative plans; emergent risks, new international standards, changes to mandates of inspectors and the supervisory framework; updated job position profiles and curriculum.

- The Annual Training Plan describes the specific expectations on the staff's training in different job positions and levels. Mandatory and optional training activities are established for the different types of job positions and levels in the supervisory agency, if applicable.

- The plan sets forth the training activities and the inspectors eligible. The plan includes in-house and external training activities.

b) **Design and Development.** There is a formal process to identify the content, instructors, materials, and external offers available to conduct the training activities. In the Design and Development stage the most suitable channels to address each training need to be addressed are also identified.

- Content of the training activities is consistent with the technical knowledge and competencies considered in the job position profile manual, the curriculum, and individual learning paths.

- The training programs are subject to an adaptation process to fit the inspectors' mandates, acknowledging that they are unique locally and of high technical relevance and complexity.

- The responsible departments identify the providers of training activities, which can be in-house, that is, inspectors of the institution, or external, for example, international organizations, universities, private educational platforms. (See Principle 7)

- The responsible departments along with the expert inspectors identify the sources to develop the training activities and the internal training content.

- The activities that are part of the supervisory agency's training programs include theoretical and practical aspects, prioritizing hands-on learning by using scenarios and case studies aligned with the objective: that these programs contribute to the effective development of supervisory judgment of the participants.

c) *Implementation.* The implementation process ensures the effective and efficient supply of the training activities. The supervisory agency invests and updates its implementation processes, considering technological developments and current teaching practices.

- There is a pre-examination or pilot test mechanism to assess the appropriateness of new training activities, including new learning activities or resources created in-house, new courses offered by providers, and even new providers or instructors.

- The training activities are uploaded to a system that can be integrated into the training management system or independent, but with a high interconnection degree with the training management system. The system should allow inspectors' interaction for enrollment to specific activities, access to learning resources, communication with mentors, and other functionalities that promote learning within the institution.

- Each training activity contains a detailed description of the content, tasks, methods, the instructor's profile, and, if applicable, a manual to reproduce the activity.

- The implementation process of the training activities considers reinforcing learning by performing daily work duties.

- There are alternatives that allow individual inspectors to request training activities or special access certifications. The requests are analyzed, and the responsible individuals determine if the program requested is relevant to the requestor's profile.

d) Assessment. The supervisory agency has mechanisms to assess the inspectors' knowledge and competencies acquired through the training program. The assessment process supports the identification of strengths and weaknesses in order to improve the design, execution, and training activities. Additionally, monitoring is established for the training activities conducted.

- The assessment uses the most stringent and feasible procedures, instruments, and analyses based on the supervisory agency's needs and the legal, ethical, and practical limitations.

- The training agency assesses that the training program complies with the objectives at different levels, considering at a minimum:

    › *Reaction:* It refers to the inspector's satisfaction level with the training activities. Several variables are assessed, such as the applicability of the instructor's content, aptitude, use of appropriate techniques and tools, and logistics of the activity, among others.

    › *Learning:* It refers to the extent that expected knowledge and competencies were acquired.

    › *Transfer/impact:* It refers to the inspector's behavioral change after applying the knowledge and competencies learned in the training activity and how they have resulted in better performance in his job position.

    › *Results:* It refers to the impact the inspector has after training to fulfill the institutional and supervisory agency goals.

- The supervisory agency has different instruments to assess the training program and applies them depending on the learning objective and the teaching methodologies used in the activity. Some of these instruments include:

    › *Satisfaction surveys:* They provide general information about inspectors' opinions on their training activities, including the content, instructor, techniques, tools, logistics.

    › *Learning and impact transfer assessments:* They help determine to what extent the inspectors achieved the learning objectives and receive information if the transfer of knowledge (or lack thereof) to the job position is the result of the training activity performed.

These assessments may include tasks, resolution of practical problems, or presentations given to other staff members. Written tests are not prioritized.

> › *Performance observations:* They collect information about the inspector's behavior in the job position to assess to what extent the competencies acquired are used in the daily work.

> › *Interviews or focus groups:* Individual or group conversations to assess the extent to which the new knowledge and competencies acquired are applied in the job position.

- The supervisory agency calculates and analyzes a series of indicators that help measure the fulfillment of its training program's objectives. These indicators cover at minimum the following:

> › *Attendance:* The number of inspectors invited to the training activity versus the number of inspectors that participated.

> › *Pass percentage:* The number of inspectors that passed the training activity versus the number of inspectors that participated, if applicable.

> › *Learning effectiveness as grades:* The final grade of the training activity versus the initial or diagnostic grade, if applicable.

> › *Continuous improvement:* Development of the supervisory framework (policies, processes, tools, among others) based on the qualitative (quality) or quantitative (timeliness) information obtained from expert or quality assurance assessments.

- The supervisory agency prepares periodic reports to monitor progress in management and compliance with the training program objectives. The report aims to communicate the development of activities in terms of the number of courses and participants, analyzes deviations to the plan, and controls budget. This report shows the indicators and goals attained globally for each department and by each inspector, among other variables monitored.

7 **LEARNING MODALITIES, TOOLS, AND RESOURCES.** *Various mechanisms are available to identify the most suitable learning formats, modalities, and methods to provide the training activities. These mechanisms deal with changes in the work environment, technology, and innovation.*

Criteria

- The learning methods match the knowledge and competencies that must be developed and consider various teaching methods, such as classroom, remote and self-directed, synchronous, and asynchronous;[17] individualized, or in a group.

- The training programs include internal and external activities, in-person or digital. These activities include formal learning: in-house courses/workshops or training outside the supervisory agency – external master's, postgraduate courses, certifications; and social learning: practice communities, cooperation, training in the workplace, and coaching and mentoring with expert inspectors. Likewise, some institutions might also consider a staff rotation policy to achieve a more comprehensive development.

- According to the design and development stage, the most adequate resources are identified for the training activities under any modality. They can include internal documentation of the institution (manuals, guides, case studies filed), academic papers, digital resources created by the institution, public and open code digital resources, previous assessment, and approval (e.g., YouTube, GitHub), among others. Learning resources are easily accessible through the training management system.

- Audiovisual materials are selected or created carefully to obtain the optimum length, content, and quality (e.g., the videos are relevant and with optimal audio and image quality).

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[17] The asynchronous learning modalities make it possible to transmit content not simultaneously so that the learning is self-managed, at the pace and time of the participant. On the other hand, the synchronous modalities make it possible to transmit content simultaneously with all the participants connected in the same space (through videoconferences or in-person).

In-person activities

- The supervisory agency provides a proper learning environment, which includes dedicated spaces, technological equipment, and support, and materials for the training provision. In cross-border training, the staff responsible for training make sure and verify with the providing organization that the facilities are adequate.

  - The staff responsible for training are in charge of verifying that the instructors, whether in-house or external, have the experience and the technical and teaching skills required to convey their knowledge efficiently to the rest of the inspectors.

  - If the institution considers it feasible, expert inspectors can act as in-house instructors for training activities. The supervisory agency implements an incentives programs to provide added value to the experts for the additional effort and time invested in this role.

  - The supervisory agency makes efforts to train in-house inspectors through specialized training courses to improve the teaching skills needed to perform this role.

  - The supervisory agency has a record of in-house and external instructors. This record allows the agency to assess the instructors' quality and development in each training activity they conduct.

Activities in digital modalities

  - The supervisory agency coordinates digital training programs by using adequate technologies according to the needs of the inspectors and the organizational culture.

  - Libraries of courses or digital content[18] are curated according to the different topics required by the training curriculum.

  - The digital activities are easily accessible through the agency's training management system.

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[18] Specific libraries on banking and financial topics, or that offer general content or competencies (some examples of libraries include Coursera, Udemy, Udacity, etc.)

- The training program is flexible to include asynchronous training activities, comprised of sources of different spaces (videos, texts, interactive screens, web pages, podcasts, links). These activities are usually designed in blocks or fragmented sections to optimize micro-learning (learning of concepts in short periods of time).

- The digital learning management systems integrate video conference systems to transmit simultaneous content.

- The platforms selected to provide the training activities are compatible with all the current devices in the market (computers, tablets, and cellular phones) and the different information technology operating systems and mobile communication systems.

- To facilitate learning in digital modalities, tutors are assigned to guide the learning process.

Blended activities

- The supervisory agency considers activities in the blended learning modalities.[19] The in-person and digital modalities are combined so that static content (such as texts, presentations, etc.) is asynchronous, and the interaction and group exchange is synchronous or simultaneous to take advantage of the presence of thematic experts to address the questions of the audience and the interaction.

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[19] Blended learning is traditionally associated with the possibility to combine the digital learning modalities with in-person activities. However, the current blended learning refers to a combination of different modalities, all of them digital, content formats, and the spaces where they are published.

[20] Other inputs can be the development of daily work, proactivity in the project design and execution, high degree of ethics and responsibility, leadership, among others.

8 **SYSTEM OF INCENTIVES.** *The supervisory agency implements systems of incentives that align the training programs with the inspectors' institutional and professional development objectives, contributing to promote and create new knowledge and competencies.*

Criteria

- The supervisory agency has established and implemented appropriate systems of incentives that promote the development of new knowledge and competencies, and their effective application to carry out the inspector's tasks, as well as involving the inspectors in the training programs.

- The participation in training programs and their effective fulfillment are a necessary input but insufficient to determine tangible benefits and rewards for the inspectors involved.[20]

- Some of the potential incentive programs implemented by the supervisory agency to align the professional objectives of the inspectors with the training programs include:

  - Impact assessment on the performance and the commitment of the inspector.

  - Offering to apply for upgrades in their professional growth path, in line with the knowledge and competencies acquired in the training activities.

  - Assignment of more responsibilities and authority for decision-making process.

  - Public acknowledgment and dissemination among the rest of the supervisory agency.

  - Offering recreational or social compensations.

  - Invitation to participate in increasingly challenging or complex projects of the supervisory agency.

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[20] Other inputs can be the development of daily work, proactivity in the project design and execution, high degree of ethics and responsibility, leadership, among others.

- Acquisition of the knowledge and competencies included in the inspectors' curriculum and learning path is a necessary, but no sufficient, condition to achieve promotions or automatic upgrades.

- There are rewards and incentives for the inspectors responsible for the training program to promote innovation and efficiency.

9 **DISSEMINATION OF RESULTS.** *The supervisory agency discloses every year the performance of its training program.*

Criteria

- The results included in the training management reports (fulfillment of the training program objectives, development of activities, overall indicators by department and by inspector, among other variables monitored) are disclosed within the supervisory agency (on Intranet) and externally (on the web page of the supervisory agency). The latter could be published as an executive summary.

DEFINITIONS

A series of definitions of the concepts used throughout this document is included below.

CATALOG OF KNOWLEDGE AND COMPETENCIES: A group of families of knowledge and competencies with their respective thematic blocks and contents. The contents of each thematic block constitute the basis for defining the training activities.

COMPETENCIES: Set of socio-affective behaviors and cognitive, psychological, sensory and motor skills that allow the performance of a function, activity or task to be carried out appropriately.

CURRICULUM: The structure of technical knowledge and institutional, technical, and managerial competencies[21] of the inspector consistent with his professional development level and specialization.

FAMILY OF KNOWLEDGE AND COMPETENCIES: A group of a series of thematic blocks with common characteristics required for the training of an inspector (for example, statistical methods, bank management, or leadership). The families of knowledge and competencies can be grouped in extensive dimensions (for example, technical knowledge, general knowledge, competencies, among others).

JOB POSITION PROFILE: A fact sheet describing the general objective of the position, roles/responsibilities, and minimum requirements (academic education, experience, knowledge, and competencies).

KNOWLEDGE: Set of information and practices acquired by the supervisor through experience or training including the theoretical and practical understanding of real-life tasks.

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[21] The competencies outlined in this document do not fit a particular model of competency management. Each supervisory agency has its own nomenclature or definitions of competencies for their inspectors. However, to understand the scope of the competencies referred to throughout the document, each of them is defined below:
- *Institutional:* The competencies required to all the members of the supervisory agency, regardless of the position they hold (for example, commitment with the organization or adaptability and flexibility).
- *Managerial:* The competencies required for the inspectors with staff leading roles (for example, strategic vision and leadership).
- *Technical:* The specific competencies for each area, reflecting the type of skill, knowledge and personal attitude required for the development of the specific role within each area (for example, analytical thinking or initiative). The technical competencies must not be confused with technical knowledge.

LEARNING PATHS OR ROUTES: The journeys guiding an inspector's sequential learning for his professional development. It offers options or alternatives to continue building the personal sequence of learning based on the individual characteristics and needs of the inspector or specialization.

MODEL OF COMPETENCIES OF THE SUPERVISORY AGENCY: Structure and definition of the type of competencies required for different supervisor profiles and specific skills that define each competence, in addition to the methodology for assessing these competencies. For example, ASBA's curriculum proposal set a model with 3 types of competencies: institutional, technical and managerial.

PROFESSIONAL DEVELOPMENT LEVEL: Level in which the supervisor is within his career development plan, considering his academic education, experience, knowledge, and competencies, among other attributes. It also includes an inspector's contribution to enrich or improve the fulfillment of objectives in the supervisory agency.

SPECIALIZATION: Specific area or topic in which an inspector or group of inspectors specializes to fulfill the tasks of his job position (for example, credit risk or money laundering prevention).

TRAINING: An ongoing study and learning process aimed at updating and improving the knowledge and skills of inspectors, promoting the development of the competencies required to perform their tasks.

TRAINING ACTIVITY: An event designed to train the inspectors of supervisory agencies.

TRAINING PROGRAM: A series of training activities that will be issued with a specific end (for example, learning of a specific family of knowledge and competencies, development of a given position or for a particular project), based on the training/development needs and the guidelines and directives included in the Management and Learning policy.

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