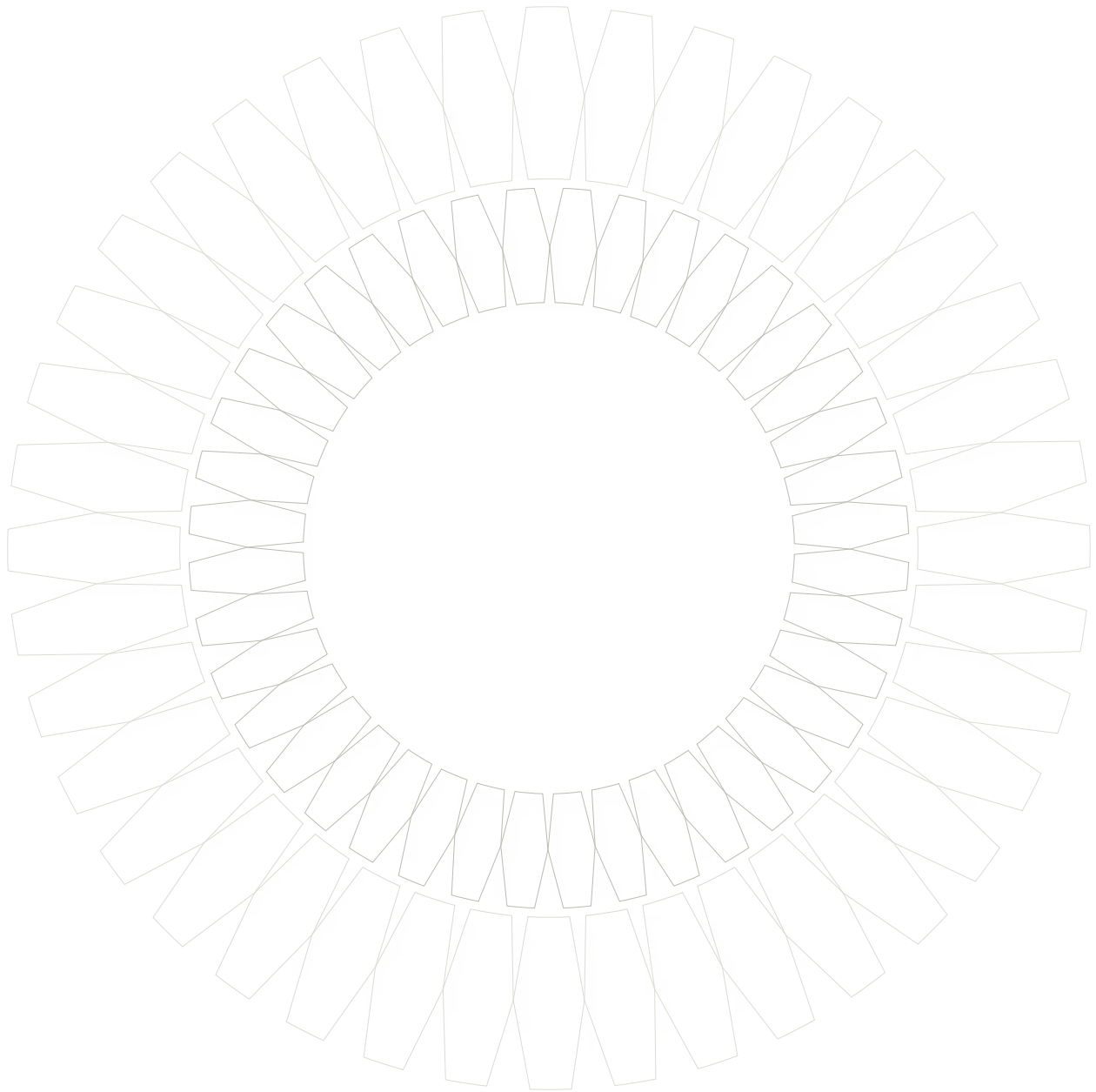
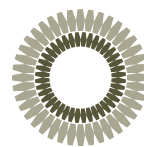


# KNOWLEDGE AND SKILLS TRAINING CURRICULUM



*"Strengthening banking regulation  
and supervision in the Americas"*



**Λ S B Λ**

ASSOCIATION OF SUPERVISORS  
OF BANKS OF THE AMERICAS

## KNOWLEDGE AND SKILLS TRAINING CURRICULUM

July 2021

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# INTRODUCTION

This document is a practical reference guide on how to develop a training curriculum for banking supervisory agencies. The training curriculum<sup>1</sup> consists of a structure of technical knowledge and organizational competencies that banking inspectors must have according to their level of professional development and areas of specialization.

The *Knowledge and Skills Training Curriculum* is based on the document entitled: “Core Principles for the Development of Effective Bank Supervision Capacity Building Programs,” as well as on the best practices observed in training areas within banking supervision agencies that comprise the Association of Supervisors of Banks of the Americas (ASBA). This document defines the tools and the ways in which inspectors will acquire this knowledge (training, experience, and practical application).

The document is organized as follows: the second section covers the desirable characteristics of a training curriculum. The third section introduces the components that a training curriculum should have. Finally, the last section describes the process for designing a training curriculum. A proposal for a training curriculum can be found on [ASBA's website](#). The Annex section includes a description of Principle 5, which covers training curriculums, it includes examples of thematic blocks, as well as some concepts and definitions that are addressed throughout the document.

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<sup>1</sup> The training curriculum is depicted as a “matrix” as the proposed instrument is built both vertically and horizontally, ideally incorporating transversality. Mauricio Valle Barra (2009). “Mallas curriculares.” Pontificia Universidad Católica de Valparaíso. Chile.

## DESIRABLE CHARACTERISTICS OF A TRAINING CURRICULUM

The construction of a training curriculum must be led by a series of guiding principles that consider, as a minimum, the following characteristics:

- **Flexible:** It can be modified, incorporating or eliminating elements in all its dimensions.
- **Dynamic:** It must adapt to the context as well as the changes and emerging topics, both in the financial market and in human capital trends.
- **Multiple:** It must cover multiple supervisory positions and areas of specializations.
- **Personalized:** It must provide the possibility of developing knowledge and skills in a personalized manner, depending on individual training needs.
- **Adaptable:** It can be adapted to the particular needs of the supervisory agency in each jurisdiction, considering the level of institutional development, the job profiles, the knowledge catalog, and the performance evaluation system, among others. One of the main considerations for adapting the training curriculum to each supervisory agency is the principle of proportionality.
- **Manageable/simple:** It must be designed considering the it must be a simple instrument, so that it can be managed in a practical and effective way.

# KEY COMPONENTS OF A TRAINING CURRICULUM

This section describes the main components that are part of the design of a training curriculum, namely the inputs for developing a curriculum and the structure or way in which those inputs are organized into the training program.

## INPUTS FOR THE DEVELOPMENT OF A TRAINING CURRICULUM

The key input necessary for the design of a training curriculum is information on the knowledge and skills that a banking inspector should have according to his/her degree of responsibility within the agency. These inputs can be divided into the following:

- *Catalog of knowledge and competencies*
- *Job descriptions/profiles*

### *Catalog of knowledge and competencies*

The catalog of knowledge and competencies allows an agency to identify all the knowledge required by inspectors within the agency, in order to design the activities that will be part of the training program. It consists of a list covering the set of knowledge and competencies that inspectors must have. Competencies should be understood as the organizational requirements or skills that an inspector must have to hold a specific position, considering the responsibility associated with that position and the complexity of its functions.

### *Job descriptions/profiles*

Job profiles are fact sheets that define the objectives, functions and attributions of each position within the supervisory agency, as well as the knowledge, areas of specialization, levels of competence and minimum experience<sup>2</sup> that the person who occupies each position must have. This document can be part of an agency's organizational manual or it can be independent.

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<sup>2</sup> Each supervisory body has its own competency management model, which must define the competencies to be evaluated and the evaluation system.



The descriptions within job profiles constitute one of the pillars of the training curriculum. Its content must be related to the catalog of knowledge and competencies.<sup>3</sup>

## **STRUCTURE OF THE TRAINING CURRICULUM**

This document proposes a structure for training curriculums that is comprised of three organizational dimensions:

- *Knowledge areas or families of knowledge*
- *Levels of professional development*
- *Areas of specialization*

### ***Families of knowledge***

The knowledge that an inspector must have, according to the characteristics of his/her position and level of responsibility, can be grouped into families. In this document, seven families of knowledge are proposed:

1. *Transversal knowledge*
2. *Financial markets and products*
3. *Quantitative analysis*
4. *International regulatory and supervisory standards*
5. *Risk management and solvency*
6. *Comprehensive regulation and supervision*
7. *Organizational and managerial competencies*

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<sup>3</sup> Job profiles often include competencies that are “desirable” for the staff member occupying that position. The agency should have a “performance evaluation system” that allows it to determine the current status of the competencies of each inspector and the existing gaps with each “desirable” competency for any given position. Information on knowledge gaps is an important element for the design of training programs. However, these programs can also be designed based on the expert judgment of supervisory leaders and human capital staff.

Each “*family of knowledge*” should be made up of a series of “*thematic blocks*” whose contents would have common characteristics. For example, a *family of knowledge* on “Quantitative Analysis” should be made up of thematic blocks related to mathematics and statistics. Figure 1 shows the family of knowledge on “Quantitative analysis” and the *thematic blocks* that could be part of this family.

<b>Knowledge areas (or families)</b> →	<b>3. Quantitative analysis</b>
<b>Thematic block 1</b> →	3.1 Financial mathematics
<b>Thematic block 2</b> →	3.2 Applied statistics
	3.3 Applied econometrics
	3.4 Financial Analysis
	3.5 Data analysis
	3.6 Software packages for quantitative analysis

Figure 1. Example of a family of knowledge and its thematic blocks

In turn, *thematic blocks* would be made up of specific content or knowledge that an inspector needs to be an expert on. For example, the “Financial Mathematics” thematic block would be comprised of a series of contents related to financial mathematics. Figure 2 shows the content of the “Financial Mathematics” *thematic block*.

<b>Knowledge areas (or families)</b> →	<b>Quantitative analysis</b>
<b>Thematic block 1</b> →	Financial mathematics
<b>Content</b> →	<p>Simple and compound interest calculation. Simple and compound discount.</p> <p>Calculation and valuation of income (Constant income: immediate, deferred, anticipated. Variable income. Fractional income).</p> <p>Internal rate of return.</p> <p>Value and methods of amortization for loans and debentures.</p> <p>Techniques for valuation of financial assets: fixed income, variable income, and derivatives (bonds, equities, fixed and variable income, options, futures and swaps).</p>

Figure 2. Example of the content of a thematic block

### ***Levels of professional development***

It refers to the academic training, knowledge, experience and skills, among other attributes, that banking inspectors acquire throughout their professional careers.

### ***Areas of specialization***

It refers to the specific areas of knowledge that an inspector must have in order to conduct the functions established in a specific position (for example: credit risk or prevention of money laundering). Figure 3 illustrates the three dimensions of the ASBA training curriculum proposal.

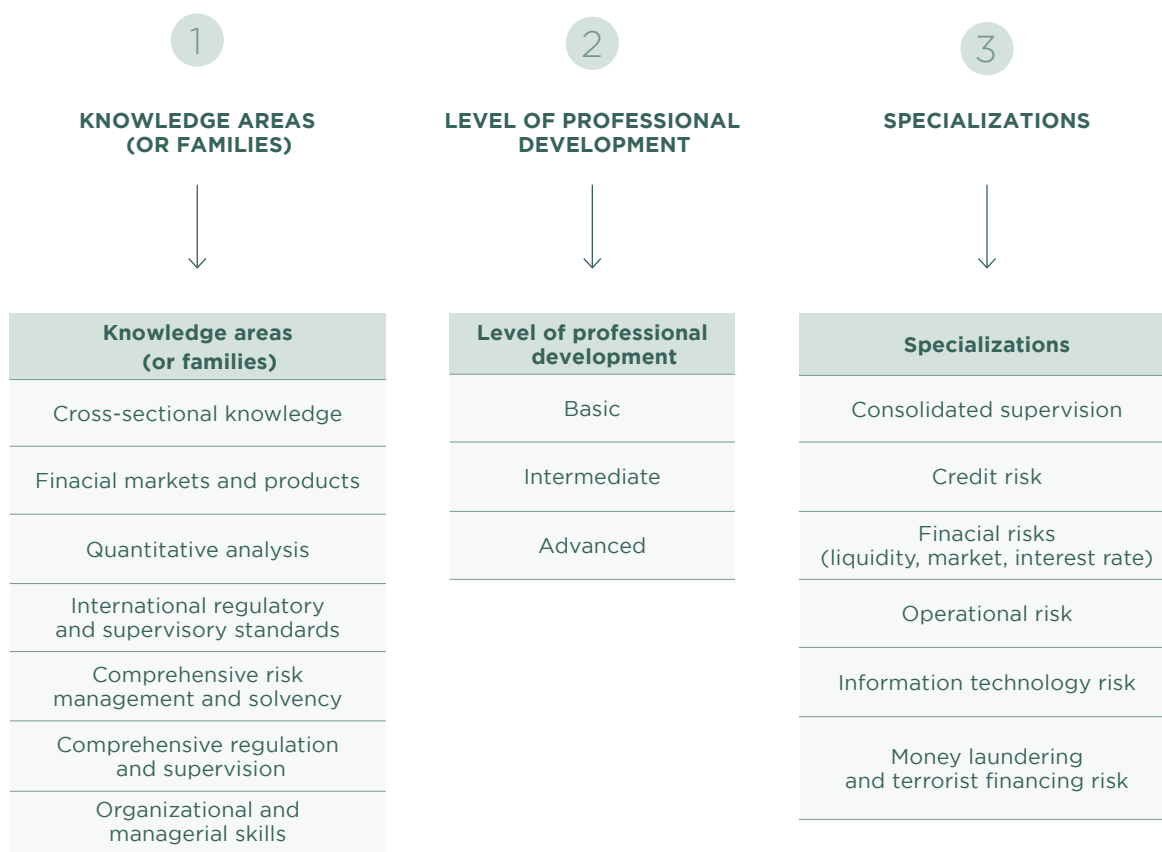


Figure 3. Example of dimensions in a training curriculum

# PROCESS FOR THE DESIGN AND DEVELOPMENT OF A TRAINING CURRICULUM

This section introduces the main activities for the design and development of a training curriculum in a sequential manner. These activities mainly contemplate the following:

- 1. Characterization of the levels of professional development*
- 2. Identification of the areas of specialization*
- 3. Formulation of the curricular objectives*
- 4. Design and development of families of knowledge*
- 5. Preparation of the training curriculum*
- 6. Definition of the learning paths*
- 7. Monitoring of learning paths*
- 8. Use of the training curriculum to define training programs*
- 9. Updating the training curriculum*

## *1. Characterization of the levels of professional development*

To plan the activities of a training program, it is necessary to have a methodology that allows for the identification of the various levels of professional development of inspectors who hold each of the positions described in job profiles. This methodology must consider both the technical and behavioral competencies of inspectors.

An inspector's degree of professional development can be categorized into different levels, depending on the assessment made on the inspector's academic education, competencies, and experience. Each supervisory agency must define the levels of professional development that it considers appropriate for the specific characteristics of the organization.

Three levels of professional development are proposed in this document:

- **Basic level:** Knowledge and competencies of an inspector who has recently joined a supervisory body.
- **Intermediate level:** Knowledge and competencies necessary to be responsible for the off-site or on-site supervision of an entity and a team of inspectors.
- **Advanced level:** Knowledge and competencies necessary to be responsible for a portfolio of entities, a group of inspectors or to hold a management position.

The job profile description should include a definition of the desirable level of professional development for a staff member occupying a specific position. In order to achieve a simple design of the training curriculum, it is necessary to standardize the job profiles of positions with similar characteristics and to associate these with the proposed levels. This document proposes the following job profiles associated with each level of development:

- *Assistant / Junior Analyst / Junior Inspector - Basic Level*
- *Senior Analyst / Head of Supervision - Intermediate Level*
- *Manager / Director - Advanced level*

Figure 4, shows an example of the expected knowledge, competencies, and experiences in a “generalist or integral inspector”<sup>4</sup> for each level of professional development.

The thematic contents of the “families of knowledge” and their corresponding “thematic blocks” can in turn be subdivided, according to the level of complexity of the contents. Inspectors with a lower level of professional development would be required to master the simpler content. For example, the most basic contents of the “Internal control” thematic block could be assigned to a basic level of professional development (aimed at junior inspectors), while the contents related to strengthening the inspectors’ abilities to conduct assessments on the quality of internal control, could be associated with intermediate levels aimed at more experienced inspectors.

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<sup>4</sup> A generalist or integral inspector is the one who manages the direct relationship with supervised entities. In general terms, it refers to the inspector who assesses the risk profile of an entity to determine the supervisory strategy. It should be noted that the positions presented in the example may be different in each of the supervisory agencies and are only used for the purposes of this example.

	Assistant	Senior	Manager/Executive
<b>Knowledge</b>	Bachelor in Accounting, Economics, Banking or Finance.	Bachelor in Accounting, Economics, Banking or Finance.	Bachelor in Accounting, Economics, Banking or Finance.
		Intermediate level of the complete and approved technical training program in Banking Supervision.	Preferably postgraduate or master's degree in related areas.
			Advanced English level.
			Advanced level of bank supervision technical training program (completed and approved).
<b>Competences/ Skills</b>	Institutional competences: initial level.	Institutional competences: advanced level.	Institutional competences: advanced level.
	Technical skills	Technical skills	Technical skills
	Technical knowledge: accounting or financial principles, practices, methods and techniques/ fiduciary laws.	Technical knowledge: about banking law and its regulations, IFRS, ISA and risk assessment. Knowledge of auditing techniques. Intermediate level of English. Management of software to audit databases. Fiduciary laws.	Technical knowledge: solid knowledge of IFRS, ISA and auditing techniques, international standards and regions on banking regulation and supervision. Banking law and agreements. Advanced knowledge of the banking supervision process.
	Analytical thinking applied to the analysis of economic, financial and statistical information.	Analytical thinking: applied to the compliance management of banks, evaluating the economic and financial component to clearly focus inspections. Ability to assess risk levels.	
	Preparation of technical reports.	Negotiation: to adequately intervene in winding-down situations.	
		Discipline for work: for the execution of the inspection plan.	Discipline at work: for the implementation of the inspection plan and the annual supervision schedule.
<b>Experience</b>	Experience in Banking and/or Financial Institutions and Auditing (2 years).	3 years of experience as an Assistant.	3 years of experience as Senior.

Figure 4. Example for three job profiles associated with the levels of professional development expected in a generalist inspector.

## **2. Identification of areas of specialization**

To construct the training curriculum, the areas of specialization and its characteristics must be identified. To the extent possible, the training curriculum should have a simple design, unifying both the job profiles of similar positions, as well as the areas of specialization. This document proposes a training curriculum that considers the following areas of specialization:

- *Comprehensive supervision (generalist inspector)*
- *Credit risk*
- *Market and liquidity risks*
- *Operational risk*
- *Information technology risk*
- *Money laundering and terrorist financing risks*

## **3. Design and development of the families of knowledge**

Training programs are designed based on the learning needs of inspectors. These needs are grouped into a series of thematic blocks or knowledge groups with common characteristics in which an inspector must be trained. Each of these groupings determines a family of knowledge.

The identification of families of knowledge to build the training curriculum can initiate by grouping the activities or training courses that have already been implemented into thematic blocks.

As previously mentioned, this document proposes seven (7) families of knowledge. Each of them is made up of thematic blocks. Annex 2 presents a proposal of thematic blocks for the seven families of knowledge.

## **4. Definition of curricular objectives**

Curricular objectives are defined based on the functions and powers of the supervisory agency, which are established in each jurisdiction's corresponding legislation, as well as on its institutional values and objectives.

Curricular objectives are formulated in terms of what is expected to be obtained at the end of the learning process. In general, these objectives can be associated with each of the families of knowledge defined by the supervisory agency.

The following represent the curricular objectives for each family of knowledge proposed in this document:

- a) *Transversal knowledge:*** To understand the external and internal context in which the supervisory agency operates, its culture and values, as well as useful transversal knowledge to conduct supervisory tasks.
- b) *Financial markets and products:*** To understand the nature of financial intermediation, the markets in which financial institutions operate, the products and services these institutions offer, as well as the main characteristics of the banking business, the sources of income and expense generation, and new players entering the business.
- c) *Quantitative analysis:*** To analyze data using financial, statistical, econometric and computer models, techniques and tools to identify strengths and weaknesses in terms of solvency, profitability, liquidity, and level of risk exposure of a financial institution, its evolution over time, and the comparison with peer institutions and the market in general.
- d) *International regulatory and supervisory standards:*** To understand international regulatory and supervisory standards with the purpose of implementing these or transposing them with national regulation.
- e) *Risk and solvency management:*** To distinguish and assess the business model, activities and/or significant business lines, the quality of corporate governance and risk management, internal controls, as well as the supervised entity's adequacy of capital and liquidity, in order to conduct supervisory tasks related to the components of the supervisory agency's risk matrix, based on managing the technical knowledge associated with such components.
- f) *Comprehensive regulation and supervision:*** To implement the supervisory framework (approach, techniques, criteria, processes, and tools of a transversal/integral nature), in order for the results to reflect the level of supervisory risk of the institution (by component or according to its global risk profile), as well as the corresponding trend, based on sensitivity analysis/scenarios. This assessment will determine the supervision strategy, the respective corrective measures or any other necessary supervisory action.



**g) Organizational and leadership competencies:** To develop and/or strengthen the necessary competencies for inspectors to fulfill their mandates and properly implement the supervisory framework, in accordance with their culture and values, considering their position, functions, and areas of specialization.

## **5. Preparation of the training curriculum**

The possible combinations of the three dimensions (knowledge, level of professional development, and areas of specialization) constitute the elements that allow the training curriculum to be depicted.

The simplest way to represent the training curriculum is a double entry table.<sup>5</sup> The following steps should be carried out to develop the training curriculum:

- **Rows in the training curriculum:** Families of knowledge.
- **Columns in the curriculum:** Levels of professional development (basic, intermediate, and advanced).
  - Columns can be further divided to present, in a more detailed way, the knowledge content that an inspector should have according to his/her level of professional development. (See example in Figure 5).
- **Areas of specialization** can be represented through colors or by creating a different training curriculum for each area of specialization.

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<sup>5</sup> Later on, this scheme can eventually be scaled into a computer system that allows dimensional visualization of the training curriculum.

Level of professional development															
		BASIC								INTERMEDIATE				ADVANCED	
Knowledge areas (or families)	1. Cross-sectional knowledge	Financial system and financial safety net	Legislation, regulation and organization of the supervisory body	Specific computer applications used by the supervisory body	Culture and values of the supervisory body	Office tools	English		Enviromental sensitivity and sustainability						
	2. Financial markets and products	Applied economics and finance	Financial markets	Financial products	Financial intermediation					Fintechs and Bigtechs					
	3. Quantitative analysis	Financial mathematics	Financial analysis	Software packages for quantitative analysis						Applied statistics	Applied econometrics			Data analytics	
	4. International regulatory and supervisory standards	Basel I, II y III	International supervisory standards	Money laundering and terrorist financing prevention standards	Market conduct standards	International auditing standards	International accounting standards			Banking resolution standards					
Thematic blocks															

5. Example of a basic training curriculum

A proposal for a training curriculum can be downloaded through the following link:  
[http://asbaweb.org/publicaciones/Training\\_curriculum\\_Eng.pdf](http://asbaweb.org/publicaciones/Training_curriculum_Eng.pdf)

## 6. Definition of learning paths

Learning paths are tracks that guide the sequential learning of an inspector for his/her professional development. Learning paths offer alternatives to follow in the construction of the learning sequence itself, according to the characteristics and needs of the inspector. Learning paths are defined by the training curriculum. Each area of specialization has its own learning path. These can be general or personalized.

- **General path:** An inspector who joins the supervisory agency as a “junior” and who conducts his/her learning internally, goes through the entire learning path defined for his/her area of specialization. An example of a general learning path for a “generalist inspector” is depicted in Figure 6. The general path would be covered by going through all the painted cells.
- **Personalized path:** The added value of learning paths is that they can be personalized based on the knowledge and experience of each individual inspector. An inspector with previously acquired knowledge will only complete the thematic blocks in the curriculum that he/she requires to conclude his/her knowledge. For example, an inspector may omit the first thematic blocks and continue learning according to his/her area of specialization. Figure 7 shows the same path as that of Figure 6, but for an inspector who is already in a second level of professional development. Based on his/her previous knowledge, this personalized path only considers the blocks that this inspector requires for his/her progress. The itinerary’s sequence is not always the same either; the path could begin with any of the blocks and it could be that he/she will only complete some of the blocks of knowledge (the ones required).

## TRAINING CURRICULUM FOR BANKING INSPECTORS - “GENERALIST” SPECIALIZATION PATH

KNOWLEDGE FAMILY		Level of Professional Development										INTERMEDIATE										ADVANCED						
		BASIC																										
1	Transversal knowledge	Financial system and financial safety net	Legislation, regulation and organization of the supervisory body	Specific computer applications used by the supervisory body	Culture and values of the supervisory body	Office tools	English	Security	Environmental and sustainability			Fintechs and Bigtechs																
2	Financial markets and products	Applied economics and finance	Financial markets	Financial products	Financial intermediation							Applied statistics	Applied econometrics												Data analytics			
3	Quantitative analysis	Financial mathematics	Financial analysis	Software packages for quantitative analysis								Banking resolution standards																
4	International regulatory and supervisory standards	Basel I, II and III	International supervisory standards	Money laundering and terrorist financing prevention standards	Market conduct standards	International auditing standards	International accounting standards					Corporate governance - Assessment	Model risk	Strategic risk	Reputational risk	Legal risk	Credit risk - Measurement and assessment	Liquidity risk - Measurement and assessment	Market risk - Measurement and assessment	Operational risk - Measurement and assessment	Operational risk - Business continuity management	Operational risk - Information security management	Money laundering terrorist financing risk - Assessment	Capital and solvency - Assessment	Credit risk ST, role of IA and RA	Liquidity risk ST, role of IA and RA	Market risk ST, role of IA and RA	Operational risk ST, role of IA and RA
5	Risk management and solvency	Business model	Corporate governance Conceptual aspects	Comprehensive risk management	Credit risk Qualitative aspects	Liquidity risk Qualitative aspects	Market risk Qualitative aspects	Operational risk Qualitative aspects	Information technology risk Qualitative aspects	Money laundering and terrorist financing risk Qualitative aspects	Internal control	Capital and solvency - Conceptual aspects	Consolidated supervision	Stress testing (ST)	Macroprudential regulation and supervision									Financial crisis management	Problem entities, corrective measures and resolution	Regtech and suptech		
6	Comprehensive regulation and supervision	Regulatory techniques	Licensing and authorizations	Off-site supervision	On-site supervision	Risk-based supervision						Project management	Influence and negotiation	Adaptability and change management	Leadership and human capital management	Process management									Vision and strategic actions	Crisis management	Knowledge management	
7	Organizational and leadership skills	Communication	Teamwork	Planning and organization	Quality of service																							

Figure 6. Example of a general learning path

## TRAINING CURRICULUM FOR BANKING INSPECTORS - “PERSONALIZED” SPECIALIZATION PATH










KNOWLEDGE FAMILY	Level of Professional Development										INTERMEDIATE										ADVANCED							
	BASIC																											
1	Transversal knowledge	Financial system and financial safety net	Legislation, regulation and organization of the supervisory body	Specific computer applications used by the supervisory body	Culture and values of the supervisory body	Office tools	English	Security	Environmental and sustainability																			
2	Financial markets and products	Applied economics and finance	Financial markets	Financial products	Financial intermediation							Applied statistics	Applied econometrics											Data analytics				
3	Quantitative analysis	Financial mathematics	Financial analysis	Software packages for quantitative analysis								Banking resolution standards																
4	International regulatory and supervisory standards	Basel I, II and III	International supervisory standards	Money laundering and terrorist financing prevention standards	Market conduct standards	International auditing standards	International accounting standards									Legal risk	Credit risk - Measurement and assessment	Liquidity risk - Measurement and assessment	Market risk - Measurement and assessment	Operational risk - Measurement and assessment	Operational risk - Business continuity management	Operational risk - Information security management	Money laundering terrorist financing risk - Assessment	Capital and solvency Assessment	Credit risk ST, role of IA and RA	Liquidity risk ST, role of IA and RA	Market risk - ST, role of IA and RA	Operational risk - ST, role of IA and RA
5	Risk management and solvency	Business model	Corporate governance - Conceptual aspects	Comprehensive risk management	Credit risk Qualitative aspects	Liquidity risk Qualitative aspects	Market risk Qualitative aspects	Operational risk Qualitative aspects	Information technology risk Qualitative aspects	Money laundering and terrorist financing risk Qualitative aspects	Internal control	Capital and solvency - Conceptual aspects	Consolidated supervision	Stress testing (ST)	Macroprudential regulation and supervision								Financial crisis management	Problem entities, corrective measures and resolution	Regtech and suptech			
6	Comprehensive regulation and supervision	Regulatory techniques	Licensing and authorizations	Off-site supervision	On-site supervision	Risk-based supervision										Process management								Vision and strategic actions	Crisis management	Knowledge management		
7	Organizational and leadership skills	Communication	Teamwork	Planning and organization	Quality of service																							

Figure 7. Example of a personalized learning path

## **7. Monitoring learning paths**

Although this activity is not part of the construction of the training curriculum, monitoring is a recommended step within the process of implementing a training curriculum. In this sense, efforts should be made for learning paths to be dynamic and reflect the progress of each inspector.

Inspectors are in constant training, since they may obtain knowledge through various ways:

- **Traditional learning** either through internal courses/workshops proposed by the organization or training outside the supervisory agency (master's degrees, postgraduate degrees, courses, external certifications).
- **Informal learning** consisting of self-study practices through articles, videos, and other materials available in libraries or on the web.
- **Social learning** through participation in communities of practice, cooperation with others, and information shared in work-related social networks.
- **Experiential learning** that consists of learning from day-to-day work activities (on-the-job training) or by working with senior inspectors (coaching and mentoring), which adds knowledge and experiences to the person.

There is a large number of ways in which an inspector may obtain knowledge; independently from the way in which knowledge is acquired, the newly acquired know-how must be considered as part of the inspector's learning path.

Supervisory agencies use methods and tools to assess and capture inspectors' learning, either through the results and/or evaluations of completed courses or program certifications. In turn, an inspector's performance evaluation is the moment in which, both the inspector and his/her superior reflect on the advances in knowledge and experience, and determine the knowledge gaps to be addressed during the next period according to his/her learning path. Therefore, the results of the learning actions and the performance evaluations, among other tools the agency may want to implement, provide information that aim at identifying which thematic blocks within learning paths have already been completed and those still missing.

### **8. Use of the training curriculum to define training programs**

A training program is a set of activities that are offered for a specific purpose (for example: learning a specific family of knowledge, preparing for a specific position or for a particular project).

One way to develop a training program is through the selection of thematic blocks from the training curriculum, whose components can be grouped in order to achieve a specific knowledge purpose.

These groupings may follow different criteria. Some examples include:

- **Program for entrants:** It will contain all the thematic blocks from the training curriculum that are required for an inspector who has recently joined the supervisory agency. The program will have training activities aimed at preparing the new inspectors in order for them to obtain general and basic knowledge.
- **Program for the development of skills and competencies:** Training activities related to the development of organizational values, managerial skills and competencies, as well as institutional competencies and those specific to each supervisory agency.
- **Financial Mathematics Program:** It will contain all the topics related to Financial Mathematics.

These programs can be organized sporadically at any moment or exist in a permanent way.

### **9. Updating the training curriculum**

The human capital and supervision areas must periodically conduct a review of the contents of the training curriculum. In some supervisory agencies, this activity may be carried out by a committee or a working group comprised by inspectors from different areas of the organization.<sup>6</sup>

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<sup>6</sup> See Principle 3 of ASBA's Core Principles for the Development of Effective Bank Supervision Capacity Building Programs.

To update the training curriculum, the following considerations should be taken into account:

- On a permanent basis, new topics emerge in the financial market. When an emerging topic is specific or sporadic, it should not be considered as part of the training curriculum. However, if the new knowledge is required by the majority of inspectors and will be demanded in the future, it should become an element to be incorporated during the updating phase of the training curriculum. To include the knowledge, its three dimensions must be identified: the family of knowledge to which it belongs and its thematic block (whether it is completely new or should be included within a pre-existing thematic block), the most appropriate level (or levels) of professional development to which it belongs, and the areas of specialization that require it.
- On the other hand, human capital trends can also cause changes in the training curriculum, or changes can arise in the required organizational skills. These variations affect the training curriculum and must be considered during the updating process.
- Updating the training curriculum initiates by answering the following questions that generate change:
  - Were there any changes in the dimensions of the training curriculum? Do the levels of professional development adequately reflect the profiles of inspectors? Have new positions been defined that did not exist before? Are there specialists in new topics?
  - Were training activities covering knowledge that is not included in the training curriculum conducted? Will these activities continue in the near future?
  - Were emerging topics identified in the market that need to be considered?
  - Were new organizational competencies observed which could be required to conduct supervisory activities?
  - Has the progress of inspectors' knowledge been assessed? Have the completed learning paths been recorded? Are there changes to be considered?

# ANNEX 1

## *Core Principles for the Development of Effective Bank Supervision Capacity Building Programs*

An effective training program must adhere to the following nine basic principles:

1. Training objective
2. Governance framework
3. Training policy
4. Budget and management
5. Curriculum
6. Actions for building and managing the training plan
7. Learning modalities, tools, and resources
8. System of incentives
9. Dissemination of results

The following box describes Principle 5, which must be observed in training programs for banking inspectors in the region in relation to the design and implementation of training curriculums.

**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.*



## 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.
- 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.<sup>7</sup>
- 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.

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<sup>7</sup> The 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 local regulation, among others, as well as emerging or borderline topics (such as technological innovation, fintechs/bigtech, suptech/regtech, gender issues, among others).

**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:<sup>8</sup>
  - 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.
- 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.

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<sup>8</sup> In the case of the training curriculum proposed by ASBA, families of knowledge are divided into seven classifications: transversal knowledge, financial markets and products, quantitative analysis, international regulatory and supervisory standards, risk and solvency management, comprehensive regulation and supervision, and organizational and leadership competencies.

- As a starting point for defining the professional development levels, the supervisory agency uses each job position profile.<sup>9</sup>
- 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,<sup>10</sup> job position category,<sup>11</sup> role,<sup>12</sup> and specialization.<sup>13</sup>
- 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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<sup>9</sup> The job profile is the organizational element that summarizes and documents the attributes for each position. Job profiles should always be up to date and aligned to the training policies and the training curriculum.

<sup>10</sup> Competencies include, for example, communication, planning and organization, project management, leadership, among others.

<sup>11</sup> Assistant, semi-senior, senior, assistant manager, manager, director, among other categories.

<sup>12</sup> Supervision of savings and credit cooperatives, supervision of public banks, supervision of internationally active banks, supervision of national banks, among other functions.

<sup>13</sup> Comprehensive supervision (generalist), credit risk, financial risks (market, liquidity, and interest rate), operational risk, information technology risk, capital, and terrorism financing risk, among other specializations.

# ANNEX 2

## *Example thematic blocks*

1. Transversal knowledge	
1.1	Financial system and financial safety net
1.2	Legislation, regulation, and organization of the supervisory body
1.3	Culture and values of the supervisory body
1.4	Specific computer applications used by the supervisory body
1.5	Information Technology/Computer Tools
1.6	English
1.7	Security
1.8	Environmental sensitivity and sustainability
2. Financial markets and products	
2.1	Applied economics and finance
2.2	Financial markets
2.3	Financial products
2.4	Financial intermediation
2.5	Fintechs and Bigtechs
3. Quantitative analysis	
3.1	Financial mathematics
3.2	Applied statistics
3.3	Applied econometrics
3.4	Financial analysis
3.5	Data analytics
3.6	Software packages for quantitative analysis and others
4. International regulatory and supervisory standards	
4.1	Basel I, II, and III
4.2	International supervisory standards
4.3	Banking resolution standards
4.4	Money laundering and terrorist financing prevention standards
4.5	Market conduct standards
4.6	International auditing standards
4.7	International accounting standards

<b>5. Risk and solvency management</b>	
5.1	Business model
5.2	Corporate governance
5.3	Comprehensive risk management
5.4	Credit risk - Qualitative aspects
5.5	Credit risk - Measurement and assessment
5.6	Credit risk - Stress testing, IA role, and risk appetite
5.7	Liquidity risk - Qualitative aspects
5.8	Liquidity risk - Measurement and assessment
5.9	Liquidity risk - Stress testing, IA role, contingency plan, and risk appetite
5.10	Market risk - Qualitative aspects
5.11	Market risk - Measurement and assessment
5.12	Market risk - Stress testing, IA role, and risk appetite
5.13	Operational risk - Qualitative aspects
5.14	Operational risk - Measurement and assessment
5.15	Operational risk - Business continuity management
5.16	Operational risk - Information security management (IS)
5.17	Operational risk - AI role and risk appetite
5.18	Information technology (IT) risk
5.19	Money laundering and terrorist financing risk
5.20	Strategic risk
5.21	Reputational risk
5.22	Legal risk
5.23	Model risk
5.24	Internal Control
5.25	Capital and solvency

<b>6. Comprehensive regulation and supervision</b>	
6.1	Regulatory and supervisory techniques
6.2	Licensing and authorizations
6.3	Off-site supervision
6.4	On-site supervision
6.5	Risk-based supervision (RBS)
6.6	Problem entities, corrective measures, and resolution
6.7	Consolidated supervision
6.8	Stress testing
6.9	Financial crisis management
6.10	Macroprudential regulation and supervision
6.11	Regtech and suptech

7. Organizational and Leadership skills	
7.1	Communication
7.2	Teamwork
7.3	Planification and organization
7.4	Quality of service
7.5	Process management
7.6	Project management
7.7	Influence and negotiation
7.8	Adaptability and change management
7.9	Vision and strategic actions
7.10	Crisis management
7.11	Knowledge management
7.12	Leadership and human capital management

## DEFINITIONS

The following are definitions of key concepts discussed throughout this document.

**AREA OF SPECIALIZATION:** Specific area or subject in which an inspector or a group of inspectors specializes on to fulfill the tasks in their position (for example, credit risk or prevention of money laundering).

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

**FAMILY OF KNOWLEDGE AND COMPETENCIES:** A set of thematic blocks with common characteristics in which inspectors must be trained (for example, statistical methods, bank management or leadership). Families of knowledge and competencies can be grouped in broad topics (for example, technical knowledge, general knowledge, competencies, among others).

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

**LEARNING PATHS:** Paths that guide inspectors' sequential learning for their professional development. These offer options or alternatives for the elaboration of the learning sequence itself, according to the individual characteristics and needs of the inspector or their area of specialization.

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

**TRAINING ACTIVITY:** An event designed to train the inspectors of supervisory agencies in the content that has been defined for such event, which is implemented through courses, workshops, conferences or other face-to-face, remote or mixed modalities.

**TRAINING PROGRAM:** A series of training activities conducted with a specific purpose (for example, learning a specific family of knowledge and competencies, preparing for a specific position or a particular project). It is determined on the learning/development needs and the guidelines and directives included in the management and learning policy.

**THEMATIC BLOCK:** Grouping of content or knowledge with common characteristics which inspectors need to understand; topics in which each family of knowledge is subdivided.



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