

Bank Board Academy

Navigating Bank Boards: Competences, Skills, and Tools

22-23 September 2023

European University Institute – Badia Fiesolana, Sala del Capitolo

Via della Badia dei Roccettini 9, 50014, Firenze

Organisers:

Florence School of Banking & Finance

Introduction

The Bank Board Academy (BBA) aims to enhance the functioning of bank boards by fostering interaction with supervisors, regulators, and among bank board members. It equips participants and Non-Executive Directors (NEDs) with essential tools to better play their role in the design and execution of their bank's overall strategy, with the ultimate objective of promoting consistency and homogeneity of banks' governance across Europe.

The BBA targets non-executive board members (present or prospective) and executives or other practitioners that actively interact with bank boards, such as board secretaries and secretariat officers, members of committees, regulatory and government affairs managers, and advisory consultants.

- **Objective:** The Bank Board Academy (BBA) aims to enhance the functioning of bank boards by fostering interaction with supervisors, regulators, and among bank board members. It equips participants and Non-Executive Directors (NEDs) with essential tools to better play their role in the design and execution of their bank's overall strategy, with the ultimate objective of promoting consistency and homogeneity of banks' governance across Europe.
- **Participants:** The BBA targets non-executive board members (present or prospective) and executives or other practitioners that actively interact with bank boards, such as board secretaries and secretariat officers, members of committees, regulatory and government affairs managers, and advisory consultants.
- **Content:** “*Navigating Bank Boards: Competences, Skills, and Tools*” is the third edition of the training for bank board members organized in the framework of the BBA. This course will gather an international faculty of regulators, supervisors, and academics together with bank and finance professionals.

Programme

Friday – 22 September 2023

09:30 – 10:00 *Welcome address*

10:00 – 11:30 **Fit and Proper Assessments: why are they important, and how are such assessments being conducted by the Single Supervisory Mechanism**

- Raising the bar for fit and proper assessments
- Evaluation of the first 1.5 years of experience with the revised ECB Guide on fit and proper assessments

- Roles and responsibilities of NEDs in the governance and functioning of the board; the importance of diverse boards
Speakers: Paul Disveld (ECB) and Lars Kiehlmann (ECB)
- 11:30 – 12:00 *Coffee break*
- 12:00 – 13.30 **Practical cases**
- Depicting the assessment of the five fit and proper criteria (focus on assessment of NEDs)
Facilitators: Paul Disveld (ECB) and Lars Kiehlmann (ECB)
- 13:30 – 14:30 *Networking Lunch*
- 14:30 – 16:00 **SREP overview: Results from the 2022 exercise and ongoing revision of the methodology**
- SREP overview: the SSM methodology and the results of the 2022 exercise
 - The SSM approach for the supervision of governance and risk management, as part of the Supervisory Review Examination Process (SREP)
 - Supervisory measures on Governance
 - Challenges identified in past supervisory cycles
- Speakers: Federico Pierobon (ECB/SSM) and Floriana Grimaldi (ECB/SSM)*
- 16:00 – 16:30 *Coffee break*
- 16:30 – 18:30 **The life of boards in practice: sharing of experiences**
- Cases of behavioural patterns that benefit or hinder board effectiveness
 - The relationship between external and internal supervision
- Facilitators: Alessandro Ricci (ECB), Luca Giaccherini (ECB)*
- 18:30 – 21:00 *Cocktail and networking dinner*

Saturday, 23 September 2023

- 8:30 – 09:45 **Digital Transformation and Cyber Risks: How to Deal with Them at the Board? Risk Management for Non-Subject Matter Specialists**
- Cyber risks are an increasingly relevant part of a digitalized world. Banks rely on specialists within the organization and external advisors (e.g., those conducting penetration tests), while overall board composition increasingly includes members with IT backgrounds. This session will explore how board members who are not cybersecurity subject matter experts can approach their responsibilities in overseeing the management's approach to cyber risks – both proactively towards risk mitigation and as part of a prudent approach to incident response and business continuity.
- Speakers: James H. Freis, Jr. (CRINDATA LLC and Market Integrity Solutions LLC)*
- 09:45 – 10:00 *Coffee break*

10:00 – 11:30

Digital Transformation: why does it matter to banking supervisors?

The session offers an overview of the SSM supervisory approach to the digital transformation of European banks. The key goal is to let the audience understand why the digital transformation is a strategic priority for the European supervisors, the key focus areas from a supervisory perspective, and how the SSM is approaching this subject and intends to proceed. The seminar's core will explore aligning digital transformation opportunities with sound governance and managing the risks it poses to business model sustainability and banking operations. A lively exchange of views between speakers and participants is welcome to explore and bridge potential gaps of perspectives between the industry and the supervisors.

Speakers: Katia Mastrodomenico (ECB), Marie Lafontaine (ECB), Maria Julve San Martin (ECB)

11:30 – 12:00

Coffee break

12:00 – 14:00

ALM and interest rate risk

The session aims to foster board members' understanding of the impact of the changed interest rate environment and market conditions on the soundness of banks' balance sheets and income statements. It will cover interest rate risk, liquidity risk, and loan and deposit management issues.

Speakers: Emiliano Carchen (Oliver Wyman) and Andrea Federico (Oliver Wyman), Boris Dunnewijk (Unicredit)

14:00 – 15:00

Light lunch