

FINANCIAL SERVICES MODEL RISK MANAGEMENT

“Managing, Validating, and Governing Financial Models in a Regulated Environment”

Schedule

Venue (InHouse)	Fees
At Your Organization Premises	Ask For The Quotation

► **Available delivery methods:** In-House Training

Introduction

In an era of increasing model complexity and regulatory scrutiny, financial institutions must implement robust Model Risk Management (MRM) frameworks to avoid costly errors and meet compliance standards. This 5-day intensive course equips professionals in risk, compliance, audit, and analytics roles with the knowledge and tools to manage the full model lifecycle—from development and validation to governance and retirement.

The training is aligned with regulatory expectations such as SR 11-7, ECB TRIM, and Basel guidelines, and focuses on model risk in areas like credit risk, market risk, capital adequacy, ALM, and pricing models.

Objectives

By the end of the course, participants will be able to:

- Define model risk and understand its sources and implications
- Establish and operate an enterprise-wide Model Risk Management framework
- Assess model development, validation, and governance standards
- Implement model inventory, risk-tiering, and documentation protocols
- Align model risk oversight with internal audit and regulatory expectations

Why Attend

- Understand how regulators view and expect model risk to be handled
- Strengthen your institution's model governance and control systems
- Learn hands-on tools for model validation and risk tiering
- Gain cross-functional insight from real case studies and peer challenges
- Reduce regulatory, reputational, and financial exposure from flawed models

Target Audience

This program is tailored for professionals working in:

- Model Risk Management
- Risk Management & Internal Audit
- Compliance & Governance
- Financial Model Development & Validation
- Enterprise Risk & Operational Risk
- Quantitative Finance / Risk Analytics
- Treasury, ALM, Credit & Market Risk

Individual Benefits

- Develop a structured approach to managing model risk lifecycle
- Learn best practices for documentation, validation, and review
- Improve skills in working with validation teams, auditors, and regulators
- Gain confidence in contributing to governance, escalation, and issue remediation

Organizational Benefits

- Improved model reliability and transparency
- Better compliance with regulatory requirements (SR 11-7, TRIM, etc.)
- Reduced financial risk from model misuse or failure
- Enhanced collaboration across risk, modeling, audit, and compliance functions

Instructional Methodology

- Interactive lectures and regulatory briefings
- Hands-on exercises for model tiering, inventory setup, validation workflows
- Group work and case studies on real financial institution model failures
- Sample templates and MRM dashboards
- Final simulation with peer review and instructor critique

MAWA EVENTS

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Course Outline

DETAILED 5-DAY COURSE OUTLINE (Customizable) Training Hours: 07:30 AM – 03:30 PM Daily Format: 3–4 Modules | Coffee breaks: 09:30 & 11:15 | Lunch Buffet: 01:00 – 02:00

Day 1: Fundamentals of Model Risk

- Module 1: What is Model Risk? (07:30 – 09:30)
 - Definitions: Models vs Tools
 - Types of financial models and typical failures
 - Sources of model risk and risk taxonomy
- Module 2: Regulatory Landscape (09:45 – 11:15)
 - SR 11-7, ECB TRIM, Basel Pillar 2
 - Global regulatory expectations and trends
 - Governance roles: 1st, 2nd, and 3rd lines of defense
- Module 3: Building a Model Risk Framework (11:30 – 01:00)
 - Key components: policy, standards, roles
 - Model inventory and risk classification
 - Model lifecycle stages and controls

Day 2: Governance, Inventory, and Risk Tiering

- Module 4: Model Governance Structure (07:30 – 09:30)
 - Model committees, escalation channels
 - Ownership, accountability, and independence
 - Role of risk, compliance, and audit functions
- Module 5: Model Inventory & Risk Rating (09:45 – 11:15)
 - Designing a model inventory database
 - Risk-based model tiering criteria
 - Documentation templates and tracking
- Module 6: Case Study: Tiering and Inventory in Practice (11:30 – 01:00)
 - Risk-tiering hands-on exercise
 - Review of sample institution's model inventory

Day 3: Model Development and Validation

- Module 7: Model Development Standards (07:30 – 09:30)
 - Model build process, assumptions, and documentation
 - Data quality, model selection, and transparency
 - User acceptance testing (UAT) and developer limitations
- Module 8: Model Validation Process (09:45 – 11:15)
 - Validation objectives and independence
 - Quantitative and qualitative validation techniques
 - Benchmarking, challenger models, and overlays
- Module 9: Model Validation Report and Findings (11:30 – 01:00)
 - Structure of validation reports
 - Tracking issues and model remediation
 - Presenting to governance bodies

Day 4: Controls, Monitoring, and Technology

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Module 10: Ongoing Monitoring and Controls (07:30 – 09:30)

- Performance monitoring and thresholds
- Backtesting, overrides, and limitations
- Controls for model use, change, and retirement
- Module 11: MRM Technology Tools (09:45 – 11:15)
- Model governance software (e.g., SAS MRM, IBM OpenPages)
- Excel-based controls vs integrated systems
- Dashboards and model risk heatmaps
- Module 12: Case Study: Model Control Failures (11:30 – 01:00)
- Review of real incidents: stress testing, VaR, CECL
- Lessons learned and controls improvement

Day 5: Integration, Reporting & Final Workshop

- Module 13: Audit and Reporting (07:30 – 09:30)
- Internal audit and external examiners
- Model risk reports to board and committees
- Key Risk Indicators (KRIs) for model risk
- Module 14: Model Risk Integration Across the Bank (09:45 – 11:15)
- Risk appetite statements and model use policy
- Integration with ICAAP, stress testing, IFRS 9, IRB, etc.
- Third-party and vendor model risk
- Module 15: Capstone Simulation & Action Plan (11:30 – 01:00)
- Simulation: model approval committee presentation
- Review of peer work and lessons
- Personal action planning and certificate ceremony

Certification

Participants will receive a Certificate of Completion in Financial Services Model Risk Management, validating their capabilities to manage model risk within regulatory and business frameworks.

Why Choose MAWA Events

- **Global Expertise:** More than 17 years of experience in professional training and consulting.
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- **Client-Focused Solutions:** Customized programs designed to achieve your organisation’s unique goals.

<p>In-House / Customized Training</p> <p>Interested in running this course for your team?</p> <p>Please contact us:</p>	<p>TEL:</p> <p>+601116373203</p>	<p>EMAIL:</p> <p>info@mawaevents.net</p>
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