



Operations School
Session Objectives

OVERVIEW OF THE OPERATIONS SCHOOL

The operations department of the bank is the “heart” of the bank. Every transaction must flow through it in some way. The *Operations School* is designed to assist the banking professional in better understanding how different aspects of the bank operations area function, analyzing various methods to manage the operations area and developing systems to improve overall efficiency.

OPERATIONS OVERVIEW – SESSION OBJECTIVES

- Discuss and understand various operational areas of significance in the bank:
 - Statement of Condition
 - Payment Systems
 - Compliance
 - Internal Controls
 - Security and Business Continuity
 - Training and Supervision
- Understand that there are differences in how banks manage operations, i.e., in-house versus outsourcing.

ANALYZING & UNDERSTANDING YOUR BANK’S STATEMENT OF CONDITION – SESSION OBJECTIVES

- Recognize the basic balance sheet accounts and income statement components of the bank financial statements.
- Understand how the financial statement categories relate to each other.
- Understand situational risks with which the bank operates and how to monitor and control:
 - Regulatory Risk
 - Accounting and Economic Risk
 - Other Risk
 - CAMELS Ratings

- Expand Balance Sheet and Income Statement discussion
- Gain a specific understanding of bank investments and their traditional bank function:
 - Define the basics of debt security
 - Identify the principles of yield
 - Define the role of debt securities in a bank's balance sheet
 - Identify common bank investments and their features
- Identify key ratios and comparisons which show the overall condition and performance of the bank.
- Understand the regulatory Uniform Bank Performance Report (UBPR).
- Relate how bank managers consider the bank's financial condition when making management decisions.

UNDERSTANDING PAYMENT SYSTEMS – SESSION OBJECTIVES

- Describe the flow of deposit items through the commercial banking system and role of technology.
- List transaction-capture methods and alternative sources from which deposit items may originate.
- Describe check clearing options.
- Understand float and how banks can minimize it.
- Describe different account servicing functions.
- Examine changes in the item processing area of the financial institution and possible improvement methodologies.
- Examine Check 21 and how it has influenced payment processing and improved efficiencies through check imaging.
- Examine how ACH is used in the payment system, and how new rules have increased its usage.

OPERATIONAL COMPLIANCE ISSUES – SESSION OUTLINE

- I. Introduction to Bank Regulation
- II. Laws, Regulations and Enforcement
- III. Bank Secrecy Act

- IV. USA Patriot Act of 2001
- V. Office of Foreign Assets Control (OFAC)
- VI. Gramm-Leach-Bliley Act (Financial Privacy)
- VII. Truth-in-Savings (Regulation DD)
- VIII. Expedited Funds Availability Act (Regulation CC)
- IX. Electronic Funds Transfer Act (Regulation E)
- X. Community Reinvestment Act
- XI. Loans to Insiders (Regulation O)
- XII. Truth in Lending (Regulation Z)
- XIII. Equal Credit Opportunity Act (Regulation B)
- XIV. Fair and Accurate Credit Transactions Act
- XV. Managing the Compliance Function
- XVI. Review of Session Objectives

OPERATIONAL COMPLIANCE ISSUES – SESSION OBJECTIVES

- Explain which agencies are empowered to regulate the banking industry.
- Describe the major regulations that affect banking, including lending and deposit regulations.
- Discuss how the compliance function is managed in commercial banks.

INTERNAL CONTROLS & PRACTICES – SESSION OUTLINE

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| I. Introduction to Internal Control | VII. Wire Transfer Controls |
| II. Cash Controls | VIII. Account Reconciliation |
| III. Savings Bond Controls | IX. Internal Audit |
| IV. Travelers Check Controls | X. External Audit |
| V. Loan Controls | XI. Review of Session Objectives |
| VI. Deposit Controls | |

INTERNAL CONTROLS & PRACTICES – SESSION OBJECTIVES

- Understand the types of internal controls and various practices used in banking.
- Identify the risks associated with failure to have adequate controls.

- Understand the responsibilities of the internal and external auditor as they relate to internal controls.

BANK SECURITY & BUSINESS CONTINUITY PLANNING (PART I) – SESSION OBJECTIVES

- Understand the bank's responsibility to business continuity planning.
- Know the required devices for security related to business continuity planning.
- Have the requirements necessary for a Security Program.
- Know the reporting requirements.
- Understand issues related to deterring and addressing identity theft.

BANK SECURITY & BUSINESS CONTINUITY PLANNING (PART II) – SESSION OBJECTIVES

- Understand the Information & Electronic Security Issues banks must confront on a daily basis:
 - Information Security (privacy):
 - ◆ Define the role of the compliance officer.
 - ◆ Identify ways that information may be vulnerable.
 - ◆ Develop a plan for managing information security.
 - Electronic Security:
 - ◆ Define the role of the compliance officer.
 - ◆ Identify ways that information may be vulnerable.
 - ◆ Develop a plan for managing electronic security.

BANK SECURITY & BUSINESS CONTINUITY PLANNING (PART III) – SESSION OBJECTIVES

- Understand the bank's responsibility to Business Continuity Planning.
- Know who is responsible for Business Continuity Planning.
- Know the requirements of a Business Continuity Plan.
- Utilize a case study to determine actions taken after a disaster takes place.

OPERATIONS TRAINING & SUPERVISION – SESSION OBJECTIVES

- Identify various management styles and philosophies, organizational structures, and market trends.
- Understand the basic laws and regulations affecting the employment process and management's responsibilities within these laws.
- Understand the importance of the role of the manager in the employment process.
- Identify various factors affecting retention and development of employees throughout the employment process.

THE PAYMENTS SYSTEM IN TRANSITION – SESSION OBJECTIVES

- Explore what is on the horizon with regard to operations and banking.
- Identify possible areas for expansion in the financial services industry and the implications for operations personnel.

WHY DOES THE COLOR OF YOUR PERSONALITY MATTER? SESSION OBJECTIVES

- Review the factors impacting team dynamics.
- Complete a “brief personality assessment”.
- Determine the roles you and your coworkers play in the work environment.
- Collect ideas for improving working relationships as well as understanding yourself better.