

PD-ABS-769  
107106

**Contract No. PCE-I-00-99-00006-00**  
**Task Order 810**

**Barents Group of KPMG Consulting, LLC**  
**1676 International Drive**  
**McLean, Virginia 22102**  
**703-747-5700**

**Final Report**

**Norman A. Baxter**

**October 30, 2000**

1

**Training Program for Siam Commercial Bank  
conducted by  
- Barents Group of KPMG Consulting, LLC**

Barents Group conducted a USAID-funded risk management training program at Siam Commercial Bank (SCB) in Thailand from May 8 through July 7, 2000. Initially, Barents conducted a diagnostic review, which was followed by two training sessions, one general risk management training session for senior managers and one training of trainers (TOT) session for selected individuals from the first training session.

The key components of the technical assistance/training program are provided below:

Activity	Dates
Diagnostic review with senior bank management	May 8-12
Preparation of training materials	May 15 – June 15
General risk management training sessions	June 19-23
Revisions to training materials and preparation for TOT training sessions	June 26-30
TOT risk management training sessions	July 3-7
Translation into Thai of risk management training materials developed and adapted to SCB needs	July - September

Barents began translation of the more than 400 pages of training materials into Thai upon completion of the TOT training and final revisions. The final English and Thai versions, both hard and electronic copies, were shipped to SCB in early October.

The content of the risk management training program included the following:

- ◆ An overview of Integrated Risk Management and a Risk Management System, including identification, measurement, management and monitoring of risk, and the risk/reward trade-off considerations to be made
- ◆ Operational risk, including a self-assessment of Siam Commercial Bank risks and risk-measurement methods
- ◆ Market risk, including interest rate risk, liquidity risk, foreign exchange risk, and commodity price risk
- ◆ Credit risk, including credit culture and policy, credit monitoring and loan administration, and problem loan workouts

The format of the general risk management training program included lectures, exercises, case studies, and group discussions. Full day sessions were conducted and one evening session was held to allow for departure at noon the following day. The daily sessions ended with an evaluation by the participants of the applicability of the materials to Siam Commercial Bank and recommendations for changes or additions.

The TOT risk management training program followed a similar format except that the training was conducted in half-day sessions, in order to accommodate the participants' work demands.

The general risk management training program was delivered in English with interpretation into Thai to 33 bank participants over five days at an off-site location. The participants included a cross-section of bank management personnel ranging from Senior Vice President to Analyst/Specialist. Two Executive Vice Presidents also attended the training sessions as observers.

Departments represented during the training sessions included:

- ◆ Treasury
- ◆ Risk Management
- ◆ Credit Operations
- ◆ Internal Audit
- ◆ Business Development
- ◆ Consumer Finance
- ◆ Corporate
- ◆ Systems/MIS

Following the general risk management training program, 12 of the 33 participants in the initial training sessions were also selected for participation in the TOT training program that followed. Also, after the first training session, Barents consultants conducted a series of meetings with SCB staff to tailor the training content for the TOT training session to follow and for the bank-wide training sessions to be conducted by in-house SCB trainers.

The TOT training program stressed mastering the basic risk management concepts that would be stressed during the bank-wide training program to follow, as well as training in pedagogical techniques to develop training skills and confidence.

### **Results Achieved**

The results of the technical assistance included:

- ◆ 33 senior Siam Commercial Bank staff trained in modern risk management techniques
- ◆ 12 individuals from the group of 33 training participants trained in TOT methods
- ◆ A risk management training manual (400+ pages) developed, tailored to the risk management needs of SCB and translated into Thai
- ◆ A framework for understanding and managing risk, with commonly accepted definitions of risk and risk measurement techniques, established for senior SCB management
- ◆ Improved communication and mutual understanding among managers of different functional areas of SCB, and
- ◆ Close cooperation developed with senior SCB management.

### **Problems Encountered**

Several problems were encountered during the course of the risk management training program at SCB. First of all, the Barents consultants found that there was a lack of basic accounting knowledge among the training participants, which limited their ability to understand cash flow and the cash generating capability of a borrower. Second, there was a relatively low level of active participation during the training sessions by the attendees. As a result, the desired level of exchange between training participants and instructor and among training participants was not, in fact, achieved. And, finally, many participants complained that the five-day training sessions were too long and that they could not afford to be absent from their jobs for more than 3-4 days.

### **Barents' Suggestions**

First, Barents suggests providing financial analysis training with an emphasis on financial statement and cash flow analysis. Second, Barents suggests working with bank staff to determine how to overcome the reluctance on the part of training attendees to participate actively in the training sessions. Of course, it is in part a cultural issue, but ways must be found to improve participation because of its importance for successful training. Finally, the training sessions themselves should probably be limited to a maximum of three days or a series of workshops, depending on the topics.

### **Training Replication at Other Thai Banks**

Barents believes that the basics of the risk management training program it developed for SCB could be replicated at other Thai banks, assuming the cooperation of senior management and customization of the training content for the specific needs of each individual bank. These are the two key prerequisites. Based on the experience gained at SCB, Barents believes that the integrated risk management approach introduced at SCB would be beneficial for all Thai banks and other financial institutions, given the apparent general lack of integrated risk management in the Thai banking system and financial sector.

The key steps for replicating the successful training at SCB for other banks would be as follows:

1. With the cooperation of senior bank management, conduct a training diagnostic at each bank to determine the actual risk management training needs.
2. Reach agreement with senior bank management on the appropriate content areas to emphasize for their institution, the chief counterparts in the bank to collaborate with the training provider throughout the training development and delivery phases, the target training audience, and the training timetable.
3. Reach agreement with bank management on a TOT component of the training program, so that the bank will have in-house training capacity once the technical assistance has been completed.
4. Conduct the training program agreed upon while maintaining constant contact with senior bank management to obtain feedback and modify the program mutually agreed upon.