

INSEAD

The Business School  
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# Modern Governance in Banking

A modular programme



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# Modern Governance in Banking

In today's global economy, the banking sector is under heavy scrutiny from regulators, shareholders and society, who are all searching for both improved governance and performance. Bank boards and senior executives must deliver performance while complying with stricter regulations, avoiding sanctions at all costs, and navigating risks in an environment that remains turbulent and unpredictable. Tensions are present of course in all sectors, but they are particularly severe in banking, where compliance and ethics, long-term versus short-term trade-offs, and product and organisational complexity abound. And if all this was not sufficient, digitalisation and fintech are expected to cause fundamental changes.

To navigate this most challenging environment, bank directors, supported by executives, need to review and update their corporate governance practices. They also need to shape their corporate culture going forward, anchoring it in both effective governance and performance.

All this is more easily stated than achieved. INSEAD, through its Corporate Governance Centre, has decided to support executives, directors and bank boards in this challenging environment by proposing a programme that focuses on how to execute effective governance in today's unforgiving digital economy, and allows participants to exchange views on their governance practices and challenges. INSEAD is already known for a number of offerings in banking, including the Strategic Management in Banking and the Risk Management in Banking programmes. In addition, it offers a leadership programme for the Interalpha consortium of banks.

## A collaborative effort

The programme is offered in partnership with the European Banking Federation, which aims to ensure that common regulatory and policy goals are well understood and adhered with. It is the result of a collaboration between Peter Nathaniel, governance expert and former Group Chief Risk Officer at Royal Bank of Scotland, and Professor Ludo Van der Heyden, Academic Director of the INSEAD Corporate Governance Centre and Co-Director of the INSEAD Directors Programme, and INSEAD Executive Education.

## Key benefits

- Develop an understanding of the fundamental principles of corporate governance and the broader context in which banks operate
- Learn about the inherent tensions and pitfalls associated with governance in the banking sector
- Gain a clear understanding of the governance roles and responsibilities of bank board members and executives, and how they collaborate to execute their mandate
- Learn how bank executives and directors can work effectively with external auditors, regulators, shareholders and other stakeholders
- Prepare for and execute governance in times of crisis and distress
- Grasp how to govern across multiple subsidiaries and geographies

## Programme Partner



## Faculty

### Programme co-Directors



### Peter Nathaniel

Strategic Advisor to financial institutions, former Group Chief Risk Officer at Royal Bank of Scotland

Peter Nathaniel provides strategic advice to major

financial institutions, central banks, governments and other organisations around the world. He is an internationally recognised expert with executive experience in governance, restructuring, risk management and strategic business issues. He has been a partner in the boutique merchant banking firm Impala Partners since late 2009. From 2007 to 2009, Mr Nathaniel was the Group Chief Risk Officer and a member of the Executive Committee of The Royal Bank of Scotland Group.

Prior to that, he spent more than 16 years at Citigroup, holding various senior business management roles in New York, Zurich, London, Moscow and Warsaw. In his last role at Citigroup, Mr Nathaniel was based in New York, where he was Senior Corporate Officer, Managing Director and Head of Global Risk Oversight and Investments. He oversaw Citigroup's asset management, insurance, alternative investments businesses, employee pension plans, country risk and proprietary M&A activities.

He also serves on several private advisory boards and boards of directors around the world. Mr Nathaniel is based in the United States. He is Australian, born in Canada and has a Bachelor of Arts from Macquarie University in Sydney.



### Ludo Van der Heyden

Chaired Professor of Corporate Governance, Director, INSEAD Corporate Governance Centre

Ludo Van der Heyden is the founding Director of INSEAD's Corporate Governance Centre and is co-Director of the International Directors Programme and Value Creation for Owners and Directors. He lectures on leadership, team dynamics and business model innovation. Prof Van der Heyden was the first person to hold the Wendel Chair in the Large Family Firm and the Solvay Chair in Technological Innovation. He has also directed the Advanced Management Programme and the INSEAD Zentrum Leipzig, and was INSEAD Dean (1990-95). He has earned several Outstanding MBA Core Teacher Awards and an Outstanding Service Award in Executive Education.

Before joining INSEAD, Professor Van der Heyden was on the faculty of Yale University (1980-88) and Harvard University (1978-80). He holds an engineering degree in applied mathematics from the Université Catholique de Louvain and a PhD from Yale University. He has published in many journals. His latest paper, Fair Governance: Setting a tone of Fairness at the Top, was published in the Journal of Business Compliance. He is a member of the Advisory Board of Bencis Capital Partners and of the supervisory boards of two start-ups, Celpax and Seisquare.

# Modern Governance in Banking

## Programme content

The programme is organised around three themes – Effectiveness, Efficiency and Excellence – covering areas that are vital for modern governance in the banking sector.

The programme starts by looking at the global financial sector, in particular examining today's banking environment. Next, it looks at the current pressures faced by banks and their boards of directors. Participants learn why it is vital for banks to be able to review and redefine their mission in response to environmental conditions. Each financial institution's mission is distinct and varies with circumstances.

We then examine governance and review business models in banking as well as operational arrangements aimed at concurrently avoiding value erosion or destruction, managing stakeholders and delivering sustainable value.

The programme ends with a focus on the financial actor (executive, director or regulator) to define how each actor can best exercise her or his responsibilities in today's challenging banking environment, including in crisis settings where governance regimes and actor conduct are particularly tested and of vital importance.

## Modules content

INSEAD faculty and experts in banking offer the following modules:

- **Governance Effectiveness in the Modern Banking Landscape:** This module covers the fundamentals of corporate governance, centered on mission, vision, strategy and risk. We review common pitfalls that hinder governance effectiveness. We also stress the need for clarity on what governance ought to deliver and to whom, with an emphasis on banking. The module provides a global governance framework for responsible banking in today's world.

- **Governance Efficiency and the Dynamics of Boards:** This module focuses on governance methodologies with an eye towards both board effectiveness and efficiency. It is for these reasons that governance is typically organised around a number of main committees: nomination and ethics, audit, risk, strategy, and the evaluation and remuneration of senior executives. It examines crisis, which is when governance arrangements are truly tested.
- **Governance and Director Excellence: Being the Best Director we can be:** This final module is more personal and consists of the realisation that we are not indifferent to the board we join: excellent directors choose their board, select a personal mission on the board they join and commit to a team. These are important issues participants are asked to reflect upon. Participants obtain individual assessments of their director profile, experience an actual board simulation and practice group coaching which is necessary to reach excellence as a group.

## Topics

### Module 1: Governance Effectiveness in the Modern Banking Landscape

- Governance fundamentals: purpose, good/bad governance, self-assessment
- Inherent tensions of governance: shareholders vs stakeholders, conflicts of interest vs ethics, long-term versus short-term
- The importance of mission and strategy
- Risk oversight versus risk management, risk appetite
- Behavioural issues: biases, delusions and black swans
- Examples, case studies and simulations

### Module 2: Governance Efficiency and the Dynamics of Boards

- Operational efficiency: business models, goal setting, sharing and cascading
- Fair process leadership and collaboration in governance
- Auditing, compliance and fraud
- People management: nomination, evaluation, remuneration and succession of senior talent
- Values and ethics
- Crisis management and the role of the Board

### Module 3: Governance and Director Excellence: Being the Best Director we can be

- Board simulation with coaching
- Personality: audit and implications
- Self-Evaluation: what type of director can you be, do you wish to be and are satisfied to be?
- Group coaching: Can you help others to improve as well?

## Participant profile

- Board members /directors in banking
- Self-Evaluation: what type of director can you be, do you wish to be and are satisfied to be?
- Senior bank executives with governance experience
- Members of nomination committees
- Auditors and legal counsels of financial institutions working with banks and their boards
- Regulators and supervisors

## Confidentiality requirements

The programme is held under the usual "Chatham House Rules", which means that confidential discussions held in the classroom stay in the classroom. Participants share ideas, concepts, tools, frameworks and experiences in such a way that individuals or organisations cannot be identified.

## Location and dates

### Module 1 (3 days)

INSEAD Europe Campus, Fontainebleau, France, 11-13 July 2018

Optional day on the 10th of July available for non-executive and/or non-banking directors. Will include a review of the current banking lexicon and a look at the challenges faced by non-executive, non-banking directors on banking boards.

### Module 2 (3 days)

INSEAD Europe Campus, Fontainebleau, France, 3-5 October 2018

### Module 3 (3 days)

INSEAD Europe Campus, Fontainebleau, France, 24-26 January 2019

## Tuition fee<sup>(1)</sup>

€16,000 for the full programme

(1) Fee subject to change. For programmes delivered in France, VAT (20%) to be added for companies based in France, or for European companies where no VAT number is supplied. Accommodation is not included in the tuition fee and will be reserved by INSEAD either on campus or in nearby hotels

## Contact us

For more information on the Modern Governance in Banking programme, contact:  
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European Banking Federation  
Sébastien de Brouwer, Chief Policy Officer  
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## Website and Registration

<https://www.insead.edu/executive-education/partner-programmes/modern-governance-banking>

# The INSEAD Corporate Governance Centre

## INSEAD's distinctive contribution to governance

The INSEAD Corporate Governance Centre (ICGC), launched in 2010, undertakes cutting-edge research and teaching tailored to the needs of boards, and those who serve on them. It is designed to foster a global dialogue on the challenges facing board members in an international context and to identify and support new research that addresses these challenges. ICGC combines faculty expertise and institutional visibility around a mission that combines three inter-related dimensions:



### TEACHING

Developing directors' skills and knowledge through education



### RESEARCH

Influencing business practice through rigorous investigation and analysis



### OUTREACH

Ensuring relevance through ongoing discussion of the challenges boards face.

## A cross-disciplinary INSEAD research agenda

The Initiative shifts INSEAD's traditional research focus from management to governance – with two fundamental questions:

- How do board members add value to the corporations they serve?
- What are the effective governance mechanisms and cultures that ensure effective board functioning?

INSEAD's research in this field is designed to be cross-disciplinary and global, spanning all regions and cultures. Its activities harness and enhance INSEAD's expertise in multiple disciplines – including, accounting, finance, economics, strategy, risk management, entrepreneurship, family governance and corporate social responsibility – to offer a comprehensive and sustainable response to the challenges of corporate governance.

For more information on the Initiative's latest programmes, research, publications and events, see: <http://centres.insead.edu/corporate-governance-initiative/>

The ICGC also develops innovative teaching materials on the fundamental issues faced by international directors, including case studies, simulations and 360° feedback instruments specifically designed for board members.

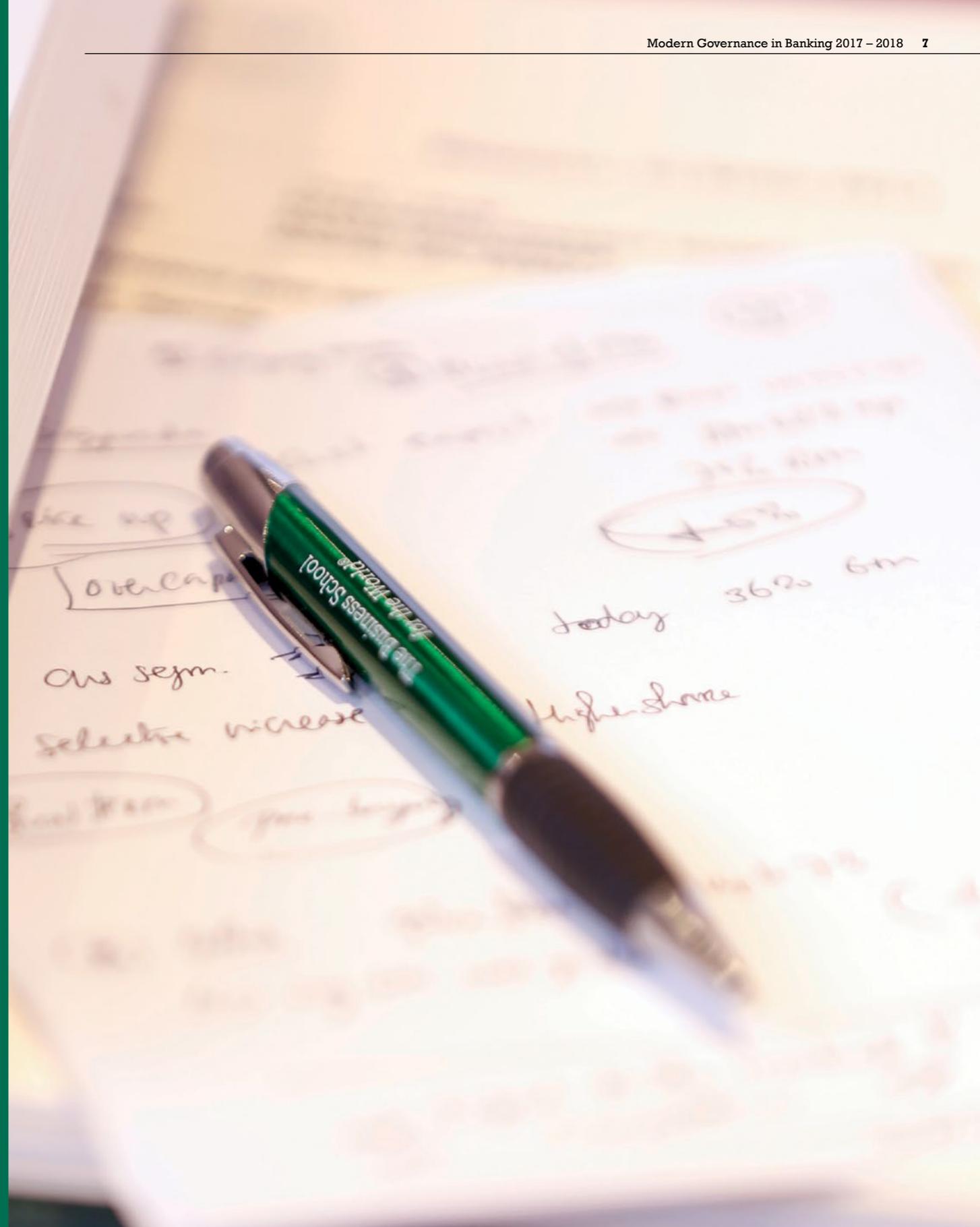
## Leveraging INSEAD's international perspective and reach

The Initiative brings a truly global perspective to all its activities. INSEAD has a distinct advantage in this respect, offering the opportunity to study governance from a truly international perspective, both on an intellectual level and through the multicultural diversity so typical of its classrooms. The international composition of INSEAD's programmes, both in terms of faculty and participants, makes them a unique source of exchange, observation, learning and networks.

The ICGC has developed many ways for INSEAD, its faculty and participants to shape a unique global vision for board effectiveness that takes into account the various regional contexts within which directors evolve. These include the presence of the ICGC on INSEAD's campuses in Europe, Asia and the Middle East, the development of strategic partnerships with institutes of directors in Europe and Asia (ecoDa: The European Confederation of Directors Associations, Institut Luxembourgeois des Administrateurs, Singapore Institute of Directors) and with academic institutions further afield (e.g. University of Stellenbosch in South Africa).

## Impact in the boardroom: education and dialogue to promote the highest standards of professional conduct

The INSEAD Corporate Governance Centre also provides opportunities to share its groundbreaking insights through regular **INSEAD Governance Meetings**. These events bring together a select group of board members, regulators and academics from around the world – united in the conviction that advances in the understanding and practice of corporate governance are most likely to occur in a cross-disciplinary environment.



### **INSEAD Europe Campus**

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