

Condisco Academy

Condisco—the Latin word for ‘to learn thoroughly’



BANKING 101

A jargon free course on banking

TOTAL DURATION

~6 HOURS (16 MODULES)

This course consists of 16 lessons and is an introductory overview of what banks do. The course is suited for anyone who is engaged in running or transforming operations and technology within financial services, including:

- Banking industry professionals
- Consultants, solution architects and sales teams engaged in selling to the banking industry
- Outsiders to the banking industry who are just curious

The primary focus of this course is banking. However, since banks also play a big role in asset management and investment banking, basics of capital markets are also covered.

Course overview

Lesson 1: The financial services ecosystem Part 1

Duration: 19 minutes

The lesson defines some foundational terms that are required to understand financial services. Concepts covered include

- definition of financial asset
- definition of financial product
- difference between financial product creators and product enablers
- definition of financial services industry
- definition of banks
- definition of fintech

Lesson 2: The financial services ecosystem Part 2

Duration: 24 minutes

The lesson explains the role of non-financial businesses like technology companies in financial services. Concepts covered include

- techfin
- embedded finance
- role of APIs and cloud in delivery of financial services
- banking as a service
- marketplace banking
- open banking

Lesson 3: Capital markets Part 1

Duration: 24 minutes

The lesson introduces capital markets. Concepts covered include:

- definition of capital markets
- meaning of fungibility
- difference between fungible and non fungible financial assets
- meaning of capital allocation
- difference between intermediated and disintermediated models of capital allocation
- legal entities
- fund legal entities

Lesson 4: Capital markets Part 2

Duration: 27 minutes

The lesson continues to build on the capital markets concepts learnt in lesson 3. Concepts covered include

- benefits of fungibility as an attribute of financial assets
- definition of securities
- securitization of financial assets
- securitization of physical assets
- providers and users of capital
- deployers of capital including professional money managers
- private versus public capital markets
- primary versus secondary markets

Lesson 5: Banking and capital markets

Duration: 7 minutes

The purpose of this lesson is to integrate the learnings on the financial services industry from Lessons 1 and 2 with the learnings on capital markets from Lessons 3 and 4. Concepts covered include:

- difference between core banking products and capital markets products
- product creators who sell banking products, capital markets products or both
- product enablers who enable banking products, capital markets products or both

Lesson 6: What does a bank do: consumer banking

Duration: 23 minutes

This lesson covers the basics of consumer banking. Concepts covered include:

- cash management products:
 - bank accounts
 - payments (details are covered in lessons 8 and 9)
- credit products
 - secured and unsecured loans
 - credit cards
 - buy now pay later and differences with credit cards
 - mortgages
 - auto loans including indirect versus direct model
- Themes in consumer lending
 - securitization
 - credit risk including the thin file problem
 - regulation in consumer lending

Lesson 7: What does a bank do: wholesale banking

Duration: 22 minutes

This lesson covers the basics of wholesale banking. Concepts covered include:

- definition of wholesale banking
- business segments served by wholesale banking
- difference between consumer and wholesale banking products
- cash management products:
 - bank accounts
 - payments (details are covered in lessons 8 and 9)
 - liquidity management
 - receivables management
- credit products
 - commercial real estate loans
 - commercial and industrial loans
 - leasing
 - commercial credit cards
 - trade finance

Lesson 8: Payments Part 1

Duration: 28 minutes

This lesson covers the basics of payments, which is a horizontal product offered within both consumer and wholesale banking. The objective of this lesson is to understand the role of banks in payments. Concepts covered include:

- payment initiation via card, paper and non card electronic methods
- payments authentication via possession, knowledge and inherence
- payment rails

- deep dive into non card electronic payment rails
 - real time gross settlement (wires)
 - deferred net settlement systems (ACH)
 - real time payments
 - cross border payments via correspondent banking
- three stages of ownership transfer of financial assets: execution, clearing and settlement

Lesson 9: Payments Part 2

Duration: 28 minutes

The lesson is a continuation of payments from the previous lesson. Concepts covered include:

- cheque payments
- entities involved in card payments and their role:
 - consumer
 - merchant
 - issuing banks
 - acquiring banks
 - payment facilitators
 - network operators
 - payment processors (issuer's and acquirer's)
- mechanics of card payments
 - forms of cards
 - methods of card payment authentication
 - steps in card payment authorization
 - mechanism by which transfer of value
- buy now pay later, differences with credit cards
- crypto payments
- enabling business models through payment solutions

Lesson 10: Trade lifecycle

Duration: 26 minutes

The purpose of this lesson is to learn the basics of how financial assets are traded in capital markets. The material covered in this lesson are prerequisites for subsequent lessons on asset management and investment banking. Concepts covered include

- difference between trade execution, clearing and settlement
- how trades are executed
 - exchange traded
 - over the counter
 - primary versus secondary trades
 - algorithmic trading
- how trades are settled
 - post trade lifecycle
 - role of custodians and central securities depositories
 - role of clearing house and central counterparty
- difference between buy sell trades and securities financing
- securities financing
 - repos
 - securities lending

Lesson 11: What does a bank do: asset management Part 1

Duration: 15 minutes

This lesson and next cover the two sub categories of asset management- investment management (covered in this lesson) and asset servicing (covered in the next lesson). Concepts covered include

- the investing life cycle
- difference between investment management and asset servicing

- investment management sub products
 - advice
 - investment package (pooled vehicles, separately managed accounts)

Lesson 12: What does a bank do: asset management Part 2

Duration: 26 minutes

This lesson continues from the previous lesson and covers the asset servicing component of the asset management industry. Concepts covered include

- investor servicing versus issuer servicing
- the roles in investor servicing including
 - securities brokerage
 - settlement facilitation
 - custody
 - corporate actions
 - fund services
- the roles in issuer servicing including
 - transfer agency
 - corporate trust

Lesson 13: What does a bank do: investment banking

Duration: 27 minutes

The lesson covers what investment banking divisions of banks do. Concepts covered include

- difference between investment banking and asset management
- sell side versus buy side
- three sub teams within investment banks:
 - M&A

- capital markets
 - sales and trading
- M&A:
 - services to sellers
 - services to buyers
 - difference between M&A and capital market sub teams
- capital markets:
 - equity versus debt
 - public versus private placements
- sales and trading:
 - sales
 - trading
 - research
 - best execution
 - market making
 - securities financing
 - prime brokerage

Lesson 14: Banking lines of business

Duration: 9 minutes

The lesson describes the relationship between the lines of business of a bank and the products it sells. Concepts covered include:

- lines of business
- products-consumer banking, wholesale banking, asset management and investment banking
- relationship between lines of business and products

Lesson 15: Banking by numbers

Duration: 27 minutes

The objective of this lesson is to learn how to understand a bank by its numbers. Concepts covered include:

- how a bank sources funds
- how a bank deploys funds
- the revenues of a bank
- the expenses of a bank

Lesson 16: Regulation

Duration: 27 minutes

The lesson covers the basic concepts in regulation that are applicable globally as opposed to regulations of a particular country. Concepts covered include:

- prudential regulation
 - restrictions on activity
 - capital adequacy
 - liquidity requirements
 - governance
- non prudential regulation
 - consumer protection
 - anti money laundering
 - priority sectors