

# GULF INSTITUTE



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# Global Banking, Money Markets, FOREX, and Swaps

## INTRODUCTION

- This training seminar focuses on understanding the contemporary functional roles of global banking and financial intermediation and the short-term money markets, foreign exchange markets, and swap markets. It will examine a wide range of modern-day case examples regarding money transfers and the various products-services that support banking intermediaries. This seminar will also review the full range of global banking and money markets, including: country and regional monetary policies, overnight deposits, SWIFT wire transfers, M1-M2-M3 L and “prime” [LIBOR] lending-rate benchmarks. The focus will be on terminology, models, risk positions, hedging, and the role of monetary on lending, borrowing, and short-term marketable securities worldwide.

This training seminar will highlight:

- The roles and relative interactions of central banks in London, EU, China, Japan, and the U.S.
- All types of daily currency transactions between individuals, businesses, and nations
- The function of money markets’ short-term lines of credit on daily/overnight balances
- The function of money market interest-bearing instruments on short-term liquid holdings
- How financial engineering developed the swap markets for interest and currency
- How monetary policies affect short-term cash flow strategies and risk positions
- The role of FOREX [foreign exchange] markets cash and futures, also put and call options
- Strategies for managing banking and money market transactions and relationships

## OBJECTIVES

At the end of this training seminar, you will be able to:

- Review any company’s short-term money-market positions on assets and liabilities
- Analyze the risk exposure of FOREX transactions in both cash and futures positions
- Differentiate M1 M2 M3 and L balances in central bank monetary policy structures
- Explain the process of balancing daily cash flow transactions through financial intermediaries
- Develop a rubric to analyze any company’s short-term “returns on money”
- Evaluate the pros and cons of using put and call options on FOREX futures to manage risk
- Explain the key differences between currency swaps and FOREX cash and futures markets
- Determine a workable interest-rate swap strategy for a firm’s short-term liabilities
- Analyze all types of short-term money market securities vs. cash balances and credit terms

## TRAINING METHODOLOGY

- This training seminar will use an inductive reasoning approach for introducing new terms-concepts-models-methods, followed with highly interactive case-discussion aimed at practical application of key processes in the short-term money markets worldwide. Small-group team

case projects will apply banking-intermediary terms, conditions, products, and services directly to the attendees' organizations / firms / industries. The main focus is about being proactive in developing a strong understanding of global banking daily transactions and potential issues-risks that must be addressed re: monetary policies in both domestic and foreign markets, overnight / daily balances of money market positions, and how to mitigate the impact of negative moves in the FOREX and interest rate markets.

## **ORGANISATIONAL IMPACT**

- Attendees will have immediate return-on-investment [ROI] to their own firms / organizations by bringing banking, monetary policy, foreign currency exchange, and money market models, concepts, terminology, and perspectives directly to their workplace, colleagues, staff, and senior management. The tangible ROI is that attendees will be ready to demonstrate a working knowledge of these clearly applicable finance skills and competencies within the direct context of their Organizational and Operational responsibilities:
- A strong understanding of the relationship between monetary policies and global banking
- Developing strategies for managing cash flow and short-term money market transactions
- Being proactive in creating FOREX policies to manage risk exposure and currency valuations
- Managing fixed and variable interest rate risks with derivative securities
- Readily analyze short-term money market securities that best match cash flow expectations
- Be the point-person to explain and decide necessary banking products and services

## **PERSONAL IMPACT**

Attendees will further their own professional development by:

- Understanding specific money market strategies related to global banking and cash flow management
- Fostering a new managerial mindset and perspective on international money markets
- Enhancing their knowledge of monetary policy and its impact on foreign commerce and trade
- Objectively assess money market portfolio holdings vis-à-vis global cash flow cycles
- Implement forward-thinking approaches to FOREX risk mitigation and timing cycles
- Creating short-term financial models for both currencies and interest-rate securities

## WHO SHOULD ATTEND?

This training course is suitable to a wide range of professionals but will greatly benefit:

- Anyone looking to expand their working knowledge about how global monetary policies impact cash flow cycles for both foreign receivables coming in and payables going out
- Anyone looking to improve the financial positioning of corporate/organizational short-term funds management for both global lines of credit and liquid marketable securities
- Senior Operational Executives who want to incorporate cash flow risk mitigation into the business model for all facets of the company's global operations
- Board Members who want to enhance their fiduciary capacity to manage and mitigate FOREX risk exposure in global partnerships, markets, and transactions
- Business Development executives who want broader valuation impacts for potential commercial opportunities in foreign industries and markets

## Course Outline

### The Contemporary Landscape of Global Banking

- Central Banks and Variations on Monetary Policies
- SWIFT and Related Electronic Funds Transfers
- Commercial Banking vs. Private Banking Clienteles and Funds Management Policies
- The Intentions and Impacts of Quantitative Easing [QE] on Borrowing and Lending Policies
- Foreign Trade Balances of Payments among Countries and Banking Intermediaries
- The Impact of LIBOR, U.S. Prime, and other Short-term Benchmark Interest Rates
- The Effects of Removing the "Gold Standard" in Backing Currency Valuations
- The Role and Risks Associated with "Offshore Banking" and Non-regulated Transactions

### Global Money Markets

- Understanding M1 M2 M3 and L
- Bankers' Acceptances [BAs] and Foreign Trade Credit Letters
- Repurchase Agreements [Repos] and Commercial Paper
- T-Bills and Deriving the Yield Curve: Implications for Global Interest Rates
- Certificates of Deposit and other Short-term Bank Instruments
- Fixed and Variable Bank Lines of Credit
- Global "Money Centers" for Short-term Financial Intermediation
- Cash Flow Management Strategies

### Foreign Exchange [FOREX] and Global Currency Valuations

- Purchasing Power Parity and FOREX Conversion Pricing
- Hedging Currency Risk Exposure with Long and Short Currency Futures Contracts
- The Use of Put and Call Options on Foreign Currency Risk Exposure Mitigation
- The Pound Sterling and Bank of England vs. Euros and European Central Bank Policies

## The Global Swap Markets

- History and Development of the Swap Market for Foreign Currency
- History and Development of the Swap Market for Interest Rate Exchanges
- Portfolio Approaches to Foreign Currency Management
- Fixed-for-Fixed, Fixed-for-Floating, and Floating-for-Floating Interest Rate Swaps
- Nominal Principal and Settlement Valuations
- Bid-Ask Pricing Spreads and Market Efficiency in the Swap Markets
- Minimizing Transaction Costs on Global Financial Intermediation

## New Banking Frontiers, Functions, and Cryptocurrencies

- The Design, Development, and Launch of Bitcoin
- Two-dozen Cryptocurrencies Follow the Bitcoin Lead
- Direct “peer-to-peer” Financial Transactions
- Dramatic Changes Coming in Global Banking Fees for Financial Intermediation
- Geographic Trade Blocs, Trade Pacts, and New Paradigms in “Cash Flow Management”
- Privacy Laws, Financial Disclosure, Collusion, Cartels, and Currency Innovations

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