# Corporate Governance and Internal Control Framework of financial intermediaries

# Prof. Claudio Frigeni

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide an overview of the peculiar problems related to the management of banking firms and other financial intermediaries, illustrating the tools created at the international level. For this reason, the course will explore internal governance rules, and the role that, in this context, has been assigned to supervisory authorities, both in terms of corporate bodies and business organisation, with a focus on the internal control framework and the role assigned to the business functions concerning compliance, risk management, and internal audit.

At the end of the course, students will be able to: i) understand the peculiarity of the goals and the tools of the *governance* of banks, and other financial intermediaries from the point of view of risk management; ii) know the role of the public authorities for the supervision of financial intermediaries and their powers, with a focus on governance profiles, iii) know the rules at the basis of the governance of banks and other financial intermediaries, with a focus on the internal control framework; iv) know the main tasks of business control functions (compliance, risk management, internal audit);.

***COURSE CONTENT***

Corporate governance as a theoretical framework of reference for the elaboration of useful rules for the efficient management of a company. The evolution of general corporate: towards a ‘sustainable’ corporate governance. The evolution of banking governance in relation to general corporate governance. The goals and the tools of the new banking *governance* from the perspective of risk management: international principles and the implementation in the European and the Italian legal system. The role played by the authorities for the supervision of corporate governance: The SREP and the *stress test*.The *Risk Governance Framework*: a) the RAF and the RAS; b) corporate bodies: competencies, composition, structure, functioning; c) business organisation and the internal control framework: tasks, composition, structure, functioning. The governance of non-bank financial intermediaries and insurance intermediaries: an introduction.

***TEACHING METHOD***

The course will be characterised by frontal lectures, held in class and mostly organised as seminars, that will require students to know the teaching material that will be made available in advance on Blackboard. Furthermore, students will have the opportunity to meet subject-matter experts and workers.

***ASSESSMENT METHOD AND CRITERIA***

The assessment will be based on a written test. Students will have to demonstrate that they have acquired a basic knowledge of banking regulations in terms of governance and internal control frameworks, and orient themselves among the topics and the fundamental issues that are part of the course content and at the basis of the discussions held in class and with subject-matter experts. The assessment criteria will include the relevance of the answers and the ability to structure and organise the treatment of a general topic.

For **attending students**, the written test will consist of 10 multiple-choice questions, that will determine one third of the final mark, and 2 open-ended questions, that will define the remaining two thirds of the final mark. In order to be considered as attending students, it will be necessary to attend at least 80% of the lectures.

For **non-attending students**, the written test will consist of 10 multiple-choice questions, that will determine one third of the final mark, and 3 open-ended questions, that will define the remaining two thirds of the final mark.

***READING LIST***

The reading list for the course will be composed of teaching material and textbooks that will be made available during the lectures.

***NOTES AND PREREQUISITES***

Students should have a basic knowledge of the structure of the regulation of the supervision of banks, as well as the functioning of limited companies.

Information on office hours available on the teacher's personal page at http://docenti.unicatt.it/.