
Commercial Bank Management: Business Models, Intermediation and Profitability Course

13 – 17 September 2027
Vienna





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Ref: 192_17009 Date: 13 – 17 September 2027 Location: Vienna Fees: 5500 GBP

Programme Summary

Commercial bank management, from business models to profitability, is the subject of this one-week training course for senior bankers and supervisors at advanced level, culminating in a three-year strategic and financial plan for a bank or business line. Banks face thinner margins, higher capital demands and non-bank competition, yet many still plan from last year's budget. The approach moves from the economics of intermediation to diagnosis of the financial statements, profitability drivers, capital allocation and strategic choice. Mars Training Centre UK delivers this programme in commercial bank management.

The Business Case

When leaders cannot see which customers, products and business lines create value after the cost of funds and capital, growth drifts towards activities that consume capital without rewarding it. A shared, risk-adjusted view of performance, built on transparent funding charges and capital costs, lets the executive team direct the balance sheet to franchises that earn their keep.

- Return on Equity Against Cost of Equity: Improves as capital is allocated to business lines on a risk-adjusted basis.
- Cost-to-Income Ratio: Falls as operating cost is tested against the revenue each channel and segment produces.
- Net Interest Margin and Fee Mix: Strengthen as pricing reflects funds transfer pricing and customer value.

Principles and Evidence Base

- Financial Intermediation Theory: Maturity, liquidity and credit transformation explain bank value creation in Session 1.
- Basel III Framework: Capital requirements, the Liquidity Coverage Ratio and the Net Stable Funding Ratio constrain each business model in Session 4.
- Funds Transfer Pricing: Charging business lines for funding and liquidity isolates true margins in Session 3.
- Risk-Adjusted Return on Capital RAROC: Comparing returns with economic capital ranks business lines in Session 4.



Intended Participants

- Executives who set a bank's strategy and financial targets.
- Business line leaders accountable for profit.
- Strategy and finance heads who build plans and budgets.
- Senior central bank and supervisory officials who assess bank business models.

The programme serves conventional and Islamic banks, development banks and supervisory authorities.

Learning Outcomes

1. Participants will be able to analyse how a bank creates value through deposit taking and lending.
2. Participants will be able to diagnose a bank's performance from its financial statements and key ratios.
3. Participants will be able to evaluate retail, corporate, investment, Islamic and digital banking business models.
4. Participants will be able to construct a profitability analysis by customer, product and business line.
5. Participants will be able to prioritise business lines using RAROC and capital consumption.
6. Participants will be able to justify a strategic and financial plan to a board.

Programme Structure

Day 1: The Economics of Financial Intermediation

Why do banks exist, and how do they earn a return?

- Maturity, Liquidity and Credit Transformation
- Deposit Franchise Value and Funding Stability
- The Credit Cycle and Bank Lending Behaviour
- Banks Versus Capital Markets and Non-Bank Lenders
- Value Creation: Return on Equity Against Cost of Equity

Day 2: Reading Bank Financial Statements

What do the accounts reveal about a bank's health and strategy?

- Bank Balance Sheet Structure: Assets, Funding and Equity
- Income Statement Drivers: Interest, Fees and Trading Income
- Credit Loss Provisions and Asset Quality Ratios
- Peer Benchmarking and Key Ratio Analysis
- Islamic Bank Statements: Financing Assets and Profit-Sharing Accounts



Day 3: Commercial Bank Profitability Drivers

Where is money made and lost?

- Net Interest Margin Decomposition: Volume, Rate and Mix
- Funds Transfer Pricing and Business Line Margins
- Fee and Commission Income Strategy
- Cost-to-Income Analysis by Channel and Segment
- Customer and Product Profitability Models

Day 4: Capital, Risk-Adjusted Performance and Business Models

Which activities deserve the bank's capital?

- Basel III Capital, Liquidity Coverage Ratio and Net Stable Funding Ratio as Business Constraints
- Economic Capital and RAROC by Business Line
- Retail, Corporate, Investment and Transaction Banking Models
- Digital Banks, Fintech Lenders and Platform Competition
- Business Model Analysis as Used by Supervisors

Day 5: Building the Commercial Bank Strategic Plan

Is the plan coherent, funded and ready for the board?

- Applying Day 2 Diagnostics to Set Strategic Priorities
- Translating Day 3 Profitability Findings Into Pricing and Cost Actions
- Allocating Capital Across Business Lines Using Day 4 RAROC
- Scenario Testing the Plan Under a Credit Downturn
- Strategic and Financial Plan Completion

Methodology

The programme relies on case analysis of published bank accounts. Participants diagnose retail-led, corporate-led, Islamic and digital banks, then apply the same tools to their own institution. A running case follows one mid-sized bank through a margin squeeze and a credit downturn, testing each session's tools.

- Suggested activity: Decomposing two years of net interest margin change for a case bank.
- Suggested activity: Ranking a bank's business lines by RAROC and debating capital reallocation.
- Suggested activity: Defending a strategic plan before a mock board.



Capstone Output

Each participant completes a three-year strategic and financial plan for their bank or business line. It contains a performance diagnosis, target business mix, pricing and cost actions, capital allocation, key ratios and a downturn scenario, and informs the next planning round.

Frequently Asked Questions

Is the commercial bank management programme suitable for supervisors as well as bankers?

Yes. It is set at advanced level for bank executives and senior supervisors, and assumes familiarity with bank financial statements.

Which frameworks does the commercial bank management course rest on?

It rests on financial intermediation theory, the Basel III framework for capital and liquidity, funds transfer pricing and risk-adjusted return on capital.

How is the strategic plan from commercial bank management training used at work?

You can use it to frame the next planning round, brief the board on capital allocation and prepare for supervisory reviews.

How does commercial bank management training differ from a course on asset-liability management?

Asset-liability management controls balance sheet interest rate and liquidity risk. Commercial bank management decides which businesses a bank pursues and how they earn a return.