RISK SCHOOL EXPERIENCE
CAIXABANK GROUP
UPF BARCELONA SCHOOL OF MANAGEMENT
TABLE OF CONTENTS

EXECUTIVE SUMMARY PAGE 01
INTRODUCTION PAGE 02
1. THE BUSINESS CHALLENGE PAGE 03
2. THE COMMITMENT PAGE 07
3. THE INITIATIVE: FROM TRAINING TO LEARNING PAGE 09
4. IMPACTS AND INDICATORS PAGE 13
ANNEX 1 PAGE 21
ANNEX 2 PAGE 22
CaixaBank is leading financial group in retail banking in Spain and one of the most important in Portugal. The bank currently has around 21 million customers in the Iberian market, and the largest commercial network on the peninsula.

In the environment that arose as a result of the financial and real estate crisis of 2009, CaixaBank’s Senior Management set out in its Strategic Plan 2015–18, the essential strategic lines to raise profitability with an increase in investment and reduction in number of non-performing loans in order to regain the trust of employees.

To achieve these objectives, several lines of action were chosen, one of which was the creation of a new vehicle: the Risk School, which in collaboration with the UPF-BSM, the School of Management of the Pompeu Fabra University, highly appreciated internationally for its level of excellence in teaching and research, should make the necessary tools available to all its professionals in order to meet the challenges of the business, improve their individual training, and at the same time respond to the demands of regulators.

We are proud of the effort made, since through this strategy we have not only been able to fulfill the objectives that were set, but have also been able to transmit the culture and risk management policies of the organization; risk knowledge has been defined for each function and we have also been able to anticipate new legislative requirements.

In summary: the Risk School has shown itself to be a key tool for keeping professionals properly trained, promoting a culture of risk management, and contributing effectively to the challenges set at all times by the management of the organization.
CaixaBank

CaixaBank is a financial group with a socially responsible universal banking model and a long-term vision, based on quality, trust, and social commitment. It offers a value proposition of products and services adapted to each sector, assuming innovation as a strategic challenge and a differential feature of its culture, and whose leading position in banking allows it to play a key role in contributing to sustainable economic growth.

Pompeu Fabra University – Barcelona School of Management (UPF-BSM)

UPF-BSM is the School of Management of the Pompeu Fabra University, a public international university, situated at the level of the best European universities, being the first-placed Spanish university according to the Times Higher Education ranking (2020), with a leading academic team in training, research, and scientific production on an international scale. The School aims to prepare leaders with a global vision, in a context based on research, who are capable of managing companies, institutions, and projects, thereby promoting innovation, social transformation, commitment to culture, and planetary well-being. UPF-BSM offers master, postgraduate, and Executive Education courses and programmes tailored to the needs of organizations.
1. The Business Challenge

1.1. Environment

The financial and real estate crisis of 2009 was a major challenge for financial institutions. In previous years, financial institutions had relaxed risk concession policies. At the same time, house prices had risen and a real estate bubble had been generated.

The subsequent years saw the largest increase in bank defaults in Spain and although CaixaBank’s non-performing loan ratio was always below the industry average, it remained above its main competitors: BBVA and Banco Santander.

Source: Tu Capital.es (www.tucapital.es)
As such, CaixaBank believed it necessary to review its loan concession model, based on two pillars:

- Increasing quality loan investment and reducing the default rate, while promoting businesses with the greatest potential for growth and profitability in order to achieve a positive impact on the income statement.
- Recovering CaixaBank’s own “risk culture” and, in this way, restoring the confidence of professionals for granting loan risk.

Hence the idea of creating a Risk School as a vehicle for achieving the two objectives, while always respecting the Code of Ethics and CaixaBank’s Business Principles. It was also intended to generate trust, both in the financial system and in the employees themselves, while respecting their territorial diversity and specialization. In short, the Risk School had to promote proactive, dynamic, and eminently practical learning, which would serve as support and help to those responsible for the commercial area in making decisions and positioning clients.

### 1.2. Integration into the Organization’s Strategic Plan

Such a profound change which entailed training for the professionals who made up the organization’s staff at that time needs to be led from the highest levels of the institution.

In fact, the Risk School fostered the fulfilment of two of the five main strategic lines that made up CaixaBank’s Strategic Plan for the years 2015–18:

- One of them included the objective of achieving recurring profitability above the cost of capital, and one of its axes was to grow businesses such as loans to individuals, companies, and large corporations.
- The other sought to have the most prepared and dynamic human team, to develop their professional skills, and their commitment.
1. THE BUSINESS CHALLENGE

For Gonzalo Gortázar, CEO of CaixaBank, “achieving sustainable profitability will require boosting businesses with the greatest potential for growth and profitability, such as loans to companies and individuals, and investment products with advice, and continuing to lead the digitization of banking.”

1.3. Ownership and Integration in Business Processes

The Risk School would be the vehicle through which the organization would train its professionals on risks, so that they could offer solutions to the organization’s clients, and increase their business volume. There was a significant desire to improve business processes in order to impact on the organization’s results.

For this reason, CaixaBank’s General Risk Management and Human Resources General Management worked together on the design of the content and its execution. This favoured a more direct transfer of knowledge and good practices to professionals, which led to an improvement in the internal processes for concession of risks. Furthermore, it also facilitated the integration of the Risk School in the career plans and training of employees.
1.4. Desired Impacts of the Initiative

Thus defined, the Risk School would set as its main objectives:

- Configuring and providing all professionals with a specialized and quality training offer, practically oriented, which responds to the real challenges they face in their day-to-day life.

- Defining a rigorous risk training itinerary, which concludes with an academic certification that recognizes preparation in risk analysis and management, in addition to linking it to their professional career.

- Anticipating regulatory requirements, where the concession of risks in a prudent, rigorous, and responsible manner was becoming increasingly important.

- Instilling a mentality favourable to new credit risk assessment techniques, as well as encouraging the learning of credit analysis tools in sectors with growth potential such as micro-enterprises, the primary sector, or Private Banking.

- Impacting the Business in a favourable way both in the reduction of the non-performing loan rate, and in the management and increase of the quality loan portfolio.
2. The Commitment

2.1 CaixaBank and UPF-BSM

UPF-BSM’s specialization in training for the banking sector, its 15 years of experience in developing joint training actions with CaixaBank, and the existence of shared visions and values were key to starting the challenge together.

Beyond its dedication to the financial well-being of its clients, CaixaBank aims to contribute to the progress of society as a whole, with values such as quality, trust, and social commitment. At the same time, the vision of the UPF Barcelona School of Management is based on values such as transformation, impact, continuous improvement, and rigour and ethics. And in this context, the establishment of links with the business, organizational, and social environment constitutes one of its strategic objectives.

In order to achieve the objectives set, a mixed team was created with professionals from CaixaBank and UPF-BSM.

On the part of CaixaBank, an executive from General Risk Management was appointed as head of the School, while other professionals from the Risk and HR Areas also actively participated in its design and development. In total, a team of four people, with one of them full-time.

On behalf of UPF-BSM, the core of the academic team was made up of five people: two corresponding to the area of Management and Coordination in the Banking and Finance Sector, and three teachers who are experts in risk management in financial institutions.

2.2. Design Process and Schedule

The team began by carrying out an analysis of the gap between the needs of each professional level and the previous training already received in the organization. However, they saw that following this path would have led to a multitude of training itineraries, the contents of which would overlap and which ultimately would not improve the situation in which disjointed training coexisted without structure or coherence.
The decision was thus made to build and design a Risk School which, as a corpus, would draw up training itineraries in which to establish knowledge and skills related to risk, and which would cover the most basic profile to the highest, but without forgetting the particularities and training needs of each professional.

In parallel to this initial analysis, we had the collaboration of the Institute of Stock Market Studies (IEB) (Annex 1), which was commissioned to provide a content proposal. Its result was fully aligned with the analysis carried out by the mixed work team, which confirmed that it was on the right track.

This whole process began late in 2014 and at the beginning of 2015 the contents were closed and the programmes were designed. Subsequently, the online materials were created, with the collaboration of the Universitat Oberta de Catalunya (UOC) (Annex 1) who digitized the contents and made summary videos, podcasts, and radio and TV programmes.

At the more specialized training levels that began in 2016, the degree of commitment on the part of CaixaBank increased exponentially with the intervention of more than 60 professionals from the organization who participated both in the writing of materials, and in giving face-to-face sessions to resolve cases. Internal trainers are a fundamental part of the project as they help participants:

- Face risk decisions similar to real ones.
- Understand the information that analysts need to be able to accept their proposals, thus improving the internal circuits of the organization.
- Directly receive the organization’s internal risk criteria and policies.
3. THE INITIATIVE: FROM TRAINING TO LEARNING

3.1. Programme Design: Learning Results, Structure, and Execution

To achieve the challenges that were set and observe a visible change in the mentality of the employees, a training programme was developed with four levels of learning that were adapted to the different profiles of the entire workforce, according to functions and professional needs (see Figure 1):

![Diagram of programme design]

**Figure 1**
*Source: CaixaBank Human Resources, Development and Training.*
At the base of the pyramid (Level 1), prior knowledge of risks is developed that any employee should know.

This is followed by a second level for professionals in the commercial network and also technicians in the risk area. In this sense, the specialization of the network between office-retail and office-company marks a dividing line between the training courses, although they start from the same common branch of knowledge (the so-called Level 2.0).

The third level complements the credit risk analysis developed in the previous level, with the rest of the risks inherent to financial activity: market and counterparty risk; operational risk, liquidity risk, and global risk management.

Finally, the fourth level was focused on transmitting to Senior Management the different existing regulations regarding risks.

In parallel, a body of programmes was structured from the UPF-BSM, so that participants could obtain different postgraduate degrees, since this recognition was also one of the objectives of the Risk School: the Basic Course on Banking Risk; the Postgraduate Course on Banking Risk Analysis; and the Postgraduate Course on Banking Risk Analysis, with Retail Speciality and Business Speciality.

3.2. Learning Methodology

The main challenge in terms of methodology was the large number of professionals that needed to be trained. For this reason, a mixed model of online and face-to-face training was chosen.

- When the methodology is 100% online, in addition to quality and attractive content, time-based learning is carried out with the support of a tutor and continuous evaluation.

- When the number of participants allows it, a blended methodology is developed that incorporates face-to-face sessions, based on the “case study” methodology. In these, the trainer acts as a coach, and leads and moderates the debates on a case, on which the participants have previously worked.
Following Cody Blair’s “learning pyramid” (see Figure 2), the online training is intended for participants to advance lower than the second level, and down to the fourth level thanks to the technical development of the materials: Video, Radio, TV, etc., and the tests that force them to demonstrate their progress.

Meanwhile, the face-to-face training aims to get as close as possible to the base of the pyramid, by presenting the participants with real cases in which they must make decisions and argue their position.

**THE LEARNING PYRAMID**

![Learning Pyramid Diagram](image-url)

- **Auditory**
  - Listening: 5%
- **Visual**
  - Reading: 10%
  - Using Audiovisuals: 20%
- **Kinesthetic**
  - Demonstrating: 30%
  - Arguing: 50%
- **Active**
  - Undertaking Internships: 75%
  - Teaching Others: 90%

**Figure 2**
Source: Cody Blair, researcher on how students learn and recall in the most effective way (http://studiopyramid.com)
3.3. Selection Requirements

The Risk School in its two initial levels was launched for all CaixaBank employees, offering one or another level based on their functions and needs, but also with logical restrictions regarding the number of participants in face-to-face sessions and the budget.

3.4. Mechanisms for Measuring Suitability

An effective joint monitoring process was carried out, with special emphasis on the first courses, in which technical data (connections and content monitoring), academic data (passing of modules), and qualitative data (satisfaction surveys) was carefully analysed as well as the impact on the defaulting of new operations.

3.5. Adaptation of the Risk School to Changes in the Environment

The legislative changes produced in 2019 in the European Union on real estate loans implied significant mandatory training for employees of financial institutions. CaixaBank was able to move forward and adapt to these changes in a simple way thanks to the work carried out in the Risk School, since a good part of the required training was already included in its programmed contents.

On the other hand, the adaptation in the structure of the training programme of the Risk School has been very natural, incorporating the new regulatory training as Level 1 and minimally adjusting the higher level of specialization, so that the common core of both disappears and training passes directly to the specializations.
The implementation and development of the Risk School since 2015 has meant a set of improvements and benefits in the evolution of the organization, as well as the fulfilment of the objectives for which it was created and which we list here:

4.1 The Increase in Quality Loan Investment

Providing participants with tools and clear criteria in the process of granting operations has helped to improve the risk management system and increase security in decision-making, which has led to a very favourable evolution of the quality loan portfolio of the organization.

During the period analysed (2015–20), the healthy loan portfolio (without defaults) has increased annually:

**HEALTHY LOAN PORTFOLIO (IN THOUSAND MILLION EUROS)**

![Graph showing the increase in healthy loan portfolio from 2015 to 2020.]

Source: CaixaBank
4.2 A Reduction in the Default Rate

The non-performing loan (NPL) ratio has undergone a constant reduction throughout the same period, which indicates a continuous improvement in the quality of the loan portfolio.

**NPL Ratio at Historic Lows**

*NPL ratio, percentage at end of period*

Source: CaixaBank
In addition to achieving a continuous reduction in this indicator, the organization has managed to eliminate the gap that existed with its comparable peers: at the end of 2020 BBVA closed with a rate of 4%, while Banco Santander’s rate amounted to 3.21%.

In 2018, CaixaBank carried out a quantitative analysis of the impact of the aforementioned training on the default rate of operations. In it, they compared the default rate of operations authorized by employees who had undertaken the first course of the Level 2.1 Retail Speciality programme, with operations by employees who were studying the second course and with the other operations of employees who had not undertaken any training.

The result showed that defaults for the operations of those who had undertaken the programme or were undertaking it was 2.1%, while it was 2.6% in the group that had not yet been on it.

**OPERATIONS. 2017, 2018**

<table>
<thead>
<tr>
<th>Group</th>
<th>Number of employees with operations</th>
<th>Number of operations</th>
<th>Number of defaulting operations</th>
<th>Percentage of defaulting operations</th>
<th>Amount of capital loaned</th>
<th>Amount of debt in default</th>
<th>Percentage of amount in default</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4Q17 April '18</td>
<td>April '18</td>
<td>4Q17 April '18</td>
<td>April '18</td>
<td>4Q17 April '18</td>
<td>April '18</td>
<td>4Q17 April '18</td>
</tr>
<tr>
<td>Course 1</td>
<td>494 90</td>
<td>18% 5,524 117</td>
<td>2.1% 24,829,029 687,320</td>
<td>2.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Course 2</td>
<td>690 142</td>
<td>21% 8,960 187</td>
<td>2.1% 35,347,734 839,762</td>
<td>2.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>7,146 1,572</td>
<td>22% 86,127 2,202</td>
<td>2.6% 354,489,243 12,554,507</td>
<td>3.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: CaixaBank
4.3 An Important Implementation of the Risk Culture

Thanks to the training actions carried out by the Risk School, it has been possible to transmit the organization’s risk culture to a large number of professionals whose functions are related to contributing to business.

Since September 2015, the following enrolments have been made:

<table>
<thead>
<tr>
<th>NUMBER OF ENROLMENTS</th>
<th>Number of enrolments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>2,222</td>
</tr>
<tr>
<td>Level 2</td>
<td>3,995</td>
</tr>
<tr>
<td>New level 1 (L.CI) (*)</td>
<td>19,439</td>
</tr>
</tbody>
</table>

Source: UPF-BSM

(*) Real State Credit Law
By functional areas, they are mainly concentrated in the positions of heads of offices (directors and deputy directors) in the retail speciality (2.1) and risk analysts in the business speciality (2.2).
4.4 Greater Projection in Professional Development

In the field of professional development, taking the various programmes available in the Risk School has boosted the career of those taking part. The knowledge acquired has involved:

- A better assessment by those directly responsible in the competence assessment process (specifically in the knowledge and competence axis “knowledge of the environment”).
- Better performance, both in terms of efficiency and effectiveness, of the tasks carried out.

These improvements allow professionals to opt for positions of greater responsibility with more guarantees of success.

4.5 A High Degree of Participant Satisfaction

The opportunity to undergo specific training in the field of risks, with a practical aspect which is applied to the reality of the organization, has provided professionals with greater confidence and security in the performance of their duties.

The quality surveys carried out by the UPF Barcelona School of Management at the end of the courses show a very favourable opinion with regards to the question on general satisfaction with the programme (out of 4):

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2.1 - Retail</th>
<th>Level 2.2 - Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3</td>
<td>3</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Source: UPF-BSM

While the result for the question concerning the applicability of the training received to the job is (out of 4):

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2.1 - Retail</th>
<th>Level 2.2 - Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3</td>
<td>3.1</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Source: UPF-BSM
4.6 An Example of Anticipating Regulatory Requirements

In 2019, the Real Estate Credit Law came into force, requiring a minimum training of 50 hours in this area. Employees who had completed the Level 2.1 programme of the Risk School were able to validate a very significant part of this new training, which was an indicator that we had successfully anticipated the new requirements.

4.7 A Very Positive Assessment from the Heads of the Areas Involved

The heads of the areas of the organization involved in the project made very positive assessments of the results obtained:

SERGI SALA  
(DIRECTOR OF THE BUSINESS RISK DEVELOPMENT AREA)

“
In 2015, CaixaBank opted for the creation of a risk school for the training of its employees. It was an ambitious bet, which anticipated future regulatory requirements concerning knowledge and skills (which were proven to be accurate with the Real Estate Financing Law or with the EBA Origination and Follow-up Guide). Multiple objectives have been achieved thanks to the creation of the school, the main ones being: the transmission of CaixaBank’s risk management culture and policies of particular importance during the integration of acquired organisations, practical training related to the business, the defining of the necessary knowledge that each function must have, offering quality training which is certified by a university of prestige, and building a training itinerary for the development of talent with regards to risk. The school has provided support for the training of critical professional skills, as well as a boost to the decentralization model in risk management.
”

MIQUEL COMELLA  
(TRAINING DIRECTOR)

“
From a training point of view, with the creation and consolidation of the Risk School, CaixaBank reinforced a pedagogical model (CaixaBank Campus) that included a high-quality training offer certified by the Pompeu Fabra University - Barcelona School of Management in three of the main pillars of the Business; Financial Advice, Social Security and Insurance, and Risks. At the same time, it contributed to the development of the professional skills and risk culture of the organization’s professionals, in line with what was established in the fifth line of the CaixaBank Strategic Plan for the years 2015–18, which recommended having the most prepared and dynamic human team possible. Likewise, it is worth highlighting the adaptability of the risk school training courses to the reality of each moment, adapting, for example, to the business sector with Business and Retail specializations in the programme.
”
RISK SCHOOL EXPERIENCE
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4. IMPACTS AND INDICATORS

JAUME BIBILONI POL
(INTERNAL TRAINING)

My experience as an internal trainer in collaboration with UPF, for several years, has been totally satisfactory. Both on a personal level, achieving greater professional fulfillment, and with regard to the achievement of the objectives pursued by our organization. The fact that I carry out my daily work in the Risk Department allows me, with these courses, to transmit first-hand the risk policies established by the organization, improving their management in the commercial network, and aligning the new proposals to be implemented by the branches with CaixaBank’s risk criteria.

On the other hand, the current situation caused by COVID-19 has brought with it a large increase in the use of the computer platform that allows this training to be carried out online, which brings significant savings in resources over traditional face-to-face training.

ORIOL AMAT
(DEAN OF THE UPF-BSM)

At UPF-BSM we understand training activity as a multidisciplinary meeting between diverse people and institutions that mutually enrich each other to make a valuable contribution to society. In this context, the collaborative development of the project has meant the transfer of knowledge based on more than 25,000 enrolments, combining practical experience with academic rigour and which has had a direct impact on the quality of loan management and the development of the skills of said professionals.
OTHER COLLABORATORS

INSTITUTO DE ESTUDIOS BURSÁTILES (IEB)

The IEB is a University Centre for Higher Studies attached to the Complutense University of Madrid and the Rey Juan Carlos University. Founded in 1989, and sponsored by the Madrid Stock Exchange, it was the first study centre in Spain dedicated exclusively to training in Finance, with a Master in Stock Market and Financial Markets, unique at that time.

In 1994, the IEB was a pioneer in offering a Double Degree, with Law students from the Complutense University of Madrid who studied the Master in Stock Markets at the IEB.

In 2003, the IEB began its international journey, with an alliance with the London School of Economics, a world-renowned institution with 20 Nobel laureates and students from five continents. International development has not stopped since.

UNIVERSITAT OBERTA DE CATALUNYA (UOC)

The Universitat Oberta de Catalunya, known as the UOC, is a distance learning university that is organized through private management. Based in Barcelona, it was created in June 1995. Its educational model is based on personalization and support of the student through e-learning.
CaixaBank has created the first risk school in the Spanish banking sector, aimed at 32,372 employees of the group. The bank presided over Isidre Fainé which has one of the lowest default ratios in the sector -8.7, seeks with this project, in the words of the bank, to grant prudent, rigorous and responsible credit.

“CaixaBank, Pioneer in Creating a School for Controlling Risk”

“CaixaBank Creates a Risk School to Train Its Staff”

- CaixaBank has created a risk school.
- In a four-year period, it is expected that its 32,372 employees will have completed their training.
- The initiative is included in the strategic plan of the bank 2015-2018.