

How to Use This Manual

With the development of new techniques for investment management, growing regulatory pressures, and the availability of a host of new investment instruments, the day-to-day responsibilities of investment officers have become increasingly complex. The *Self-Paced Bank Investment Training* manual is intended for all bank personnel with involvement in investment transactions.

The manual is a self-paced study guide designed to improve your skills in this critical area of bank financial management. For those individuals with little knowledge of this subject, the manual helps you master the basic aspects of investment instruments, risks, and management. For those with more experience in this area, the advanced material in the text will expand your knowledge and enhance your ability to perform in this area.

The manual is designed to allow you to customize your approach to learning. Thus, you can read and study the entire book, or concentrate only on those chapters that suit your needs for enhanced knowledge. If you are familiar with investment instruments and investment management issues, you can complete the chapters in any order. If you have little or no prior knowledge, however, it is best to complete the chapters in the order they are presented.

The manual is divided into three broad topics:

- First, in Chapters 1 and 2 we consider the role of the investment officer in banks and the basic risks that must be managed.
- Then, Chapters 3 through 7 provide detailed explanations of the features, risks, and advantages of each major type of investment instrument.
- Finally, Chapters 8 through 14 address important investment concerns, including evaluating investment returns, investment accounting requirements, and regulatory compliance.

In each chapter, the text is interrupted periodically by a block of questions to answer. These questions typically follow a segment of text that addresses an important issue or related issues. You may be asked to respond to true/false, multiple-choice, or open-end questions that require a written response. Although the answers are given at the end of the block of questions, we strongly

recommend that you not look at the answers until you have formulated your own responses to the questions. If you miss a question, go back and review the material until you understand why you were mistaken. Consult your supervisor if you need additional help. Do not continue until you feel confident that you have mastered the given portion of the text.

Be sure to follow these additional guidelines:

- Try to use the book during uninterrupted time. Allow at least one hour — preferably two — per study session. Set aside this time on a regular basis and reserve it solely for your self-paced study.
- If appropriate, schedule this time with your supervisor.
- Read the material carefully.
- Take time to consider what you are reading.
- Take notes as necessary. Underline or highlight significant passages in each chapter. This practice will prove useful to you later as a quick reference guide, especially after you complete the course.
- Become familiar with your bank’s investment policy and procedures. Your investment policy probably limits some of the investment activities discussed in this manual. Be sure that you know how to apply the information in this manual in ways that are completely consistent with your bank’s requirements.
- Keep your completed and annotated *Self-Paced Bank Investment Training* manual as your own professional reference book.

Because this investment course is self-paced and no final testing is required, you should relax and cover the material at the speed you find comfortable. Take the time to learn the material well before proceeding.

This training manual is not intended to be a prescriptive or formulaic compliance manual. It is not a “cookbook” that contains “recipes” to follow step-by-step. Instead, it aims to give investment officers and their supervisors and directors enough understanding of the essential issues for them to make prudent investment management decisions. Readers should keep in mind that this manual provides general background information. Investors must determine whether particular securities are suitable investment vehicles for their particular circumstances.

We will update this manual to keep it current.