



# Central Bank Operations Course: Monetary Operations, Foreign Reserve Management and Currency Issue

9 – 20 August 2027

Paris - Right Bank business hotel



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### Introduction:

Central bank operations, covering monetary operations, foreign reserve management and currency issue, is a 10-day course for central bank and monetary authority units that run liquidity operations, invest reserves and issue banknotes, ending with a Central Bank Operations Improvement Plan for a case institution. Institutions that design tenders, collateral rules, reserve tranches and note issue in isolation see interbank rates drift from target, misplaced reserve tranches and note shortages or counterfeit surges. Nominees already work in these operations and practise through case studies on tender and portfolio data. CoreConcept Training Center delivers this central bank operations course.

### Course Objectives:

- Forecast banking system liquidity from autonomous factors and size open market operations, standing facilities and reserve requirements to keep short-term rates near the operational target
- Set eligible collateral lists, haircut schedules and emergency liquidity terms that protect the central bank balance sheet
- Size liquidity and investment tranches for foreign reserves and propose a strategic asset allocation with benchmarks and risk limits
- Plan the banknote lifecycle from denomination demand forecasts and design briefs to issue, fitness standards, destruction and counterfeit monitoring
- Apply segregation of duties, operational risk indicators, internal audit and performance attribution to monetary, reserve and currency operations
- Prepare a Central Bank Operations Improvement Plan with liquidity, reserve, currency and control actions for a case institution

### Target Audience:

- Staff responsible for daily liquidity forecasting, tenders and standing facility operations in market operations departments
  - Staff responsible for foreign reserve investment, dealing, benchmarks and external manager oversight
  - Staff responsible for currency issue, banknote procurement, note distribution and counterfeit analysis
  - Staff responsible for middle office risk limits, collateral valuation and operational risk monitoring
  - Staff responsible for internal audit, accounting and financial reporting of central bank operations
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## **Course Outline:**

### **Day 1: Central Bank Balance Sheet, Operational Frameworks and Functions**

- Central Bank Balance Sheet Structure and Liquidity Drivers
- Monetary Policy Implementation Framework and Operational Target Choice
- Corridor Versus Floor System Interest Rate Steering
- Market Operations, Reserves and Currency Department Interfaces
- Operations Function Baseline Review for a Case Institution

### **Day 2: Liquidity-Management Instruments and Collateral Frameworks**

- Open Market Operations Using Repos and Outright Purchases
- Standing Lending and Deposit Facility Design and Pricing
- Reserve Requirement Ratios, Averaging and Remuneration Rules
- Eligible Collateral Lists, Haircut Schedules and Valuation Rules
- Emergency Liquidity Assistance and Lender of Last Resort Terms

### **Day 3: Liquidity Forecasting and Monetary Operations Execution**

- Autonomous Factor Forecasting for Daily Banking System Liquidity
- Liquidity Deficit and Surplus Sizing for Operation Volumes
- Fixed-Rate Versus Variable-Rate Tender Allotment Procedures
- Fine-Tuning Operations and Sterilisation of Foreign Exchange Intervention
- Interbank Rate Deviation Monitoring Against the Operational Target

### **Day 4: Foreign Reserve Management Frameworks and Portfolio Tools**

- Reserve Adequacy Metrics Using Import Cover and Short-Term Debt
- Liquidity Tranche and Investment Tranche Sizing Method
- Strategic Asset Allocation Using Mean-Variance Optimisation and Constraints
- Currency Composition Linked to Intervention and External Payment Needs
- Reserve Portfolio Benchmark Construction and Rebalancing Rules

### **Day 5: Guided Case Study on Liquidity Operations and Reserve Tranching**

- Case Institution Balance Sheet and Liquidity Forecast Review
  - Case Weekly Operation Volume and Tender Design Decision
  - Case Collateral Haircut Schedule Review After Market Stress
  - Case Tranche Sizing and Strategic Asset Allocation Proposal
  - Week-One Findings Memo for the Case Institution
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## **Day 6: Currency Management and the Banknote Lifecycle**

- Banknote Demand Forecasting by Denomination and Season
- Banknote Design Brief With Security Features and Substrate Choice
- Banknote Printing Procurement Tender and Acceptance Testing
- Note Issue to Banks and Issuer Fitness Standards
- Unfit Note Destruction by Shredding and Briquetting Controls

## **Day 7: Operational Risk, Controls and Financial Risk Limits**

- Front, Middle and Back Office Segregation of Duties
- Credit, Counterparty and Concentration Limits for Reserve Investments
- Risk Budget and Tracking Error Limits Against Benchmarks
- Operational Risk Register and Key Risk Indicators
- Internal Audit Programme for Market, Reserve and Currency Operations

## **Day 8: External Managers, Counterparties and Operations Communication**

- External Reserve Manager Selection, Mandate and Monitoring
- Counterparty Eligibility Review and Master Agreement Management
- Tender Announcements and Allotment Result Communication to Banks
- Counterfeit Monitoring Network With Banks and Law Enforcement
- Investment Committee Reporting Pack for Foreign Reserves

## **Day 9: Performance Attribution, Accounting and Operations Effectiveness**

- Reserve Portfolio Performance Attribution by Duration and Credit
- Central Bank Accounting for Revaluation Gains and Losses
- Operational Target Effectiveness and Overnight Rate Volatility Indicators
- Currency Function Indicators for Note Quality and Counterfeits
- Peer Benchmarking of Central Bank Operations Practices

## **Day 10: Case Study on the Central Bank Operations Improvement Plan**

- Case Institution Diagnostic Across Liquidity, Reserves and Currency
  - Revised Liquidity Instrument and Collateral Framework Proposal
  - Revised Reserve Tranche, Allocation and Risk Limit Proposal
  - Currency Lifecycle and Operational Control Action Schedule
  - Central Bank Operations Improvement Plan Completion and Panel Review
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## Skills You Will Gain:

- Banking System Liquidity Forecasting
- Tender Design and Allotment
- Collateral Haircut Calibration
- Reserve Tranche Sizing
- Strategic Asset Allocation
- Banknote Demand Planning
- Operational Risk Monitoring
- Performance Attribution Analysis

## Why Attend This Course:

- Deliver a Central Bank Operations Improvement Plan for a case institution to the heads of market operations, reserve management and currency issue for approval
- Choose operation volumes, haircut levels, tranche sizes and denomination orders using forecasts, adequacy metrics and benchmark data
- Prevent interbank rates drifting from target, unhedged reserve losses, note shortages and counterfeit surges
- Share liquidity forecasting worksheets, tranche sizing templates, banknote demand models and control checklists with operations colleagues

## Conclusion:

Back at work, the participant presents the Central Bank Operations Improvement Plan to the heads of market operations, reserve management, currency issue and risk. They use it to approve tender and facility settings, collateral haircuts, reserve tranche sizes, allocation and risk limits, banknote orders and control changes before the next investment committee or operations review. After the first full quarter of operations under the plan, the institution should compare rate deviations from target, tranche liquidity, benchmark performance, note availability and counterfeit counts with the plan and adjust it.

## Frequently Asked Questions FAQ:

### What should participants know before a central bank operations course?

Participants should already work in market operations, reserve management, currency issue, risk or audit at a central bank or monetary authority. Basic bond maths and spreadsheet skills are enough. Anonymised liquidity, portfolio or banknote data from their own institution helps the case work.

## **How does a central bank operations course differ from a monetary policy or cash centre course?**

This course covers how a central bank executes decisions: tenders, collateral, reserve portfolios, banknote issue and controls. Monetary policy courses decide the policy stance with macroeconomic models, and cash centre courses cover commercial bank note processing, armoured transport and ATM loading.

## **Why do central bank operations split foreign reserves into liquidity and investment tranches?**

Splitting reserves lets the central bank hold enough liquid assets for intervention and external payments while investing the remainder for return over a longer horizon. Each tranche then gets its own benchmark, risk limits and eligible instruments.

## **What do participants take back from the central bank operations course?**

Each participant takes back a Central Bank Operations Improvement Plan for a case institution, with revised liquidity instruments, collateral haircuts, reserve tranches and risk limits, a banknote lifecycle schedule and control actions adaptable to their own institution.

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