

Benchmarking the Financial Risk Manager (FRM) Designation

Following an independent evaluation, Ecctis has found the following levels of comparability for the FRM designation:

	FRM Designation Comparability ¹
UK	Comparable to RQF Level 7*
USA	Comparable to US Masters' degree standard
Canada	Comparable to OQF Level 12*
India	Comparable to NSQF Level 9*
Hong Kong	Comparable to HKQF Level 6*
Singapore	Comparable to Singaporean Master's degree standard
Australia	Comparable to AQF Level 9*
Brazil	Comparable to <i>Título de Mestre</i> (Brazilian Master's degree standard)
China	Comparable to the Chinese Master's degree standard
Japan	Comparable to the Japanese Master's degree standard
South Africa	Comparable to NQF Level 9*
UAE	Comparable to QF <i>Emirates</i> Level 9
Mexico	Comparable to Mexican Master's degree standard
Taiwan	Comparable to Taiwanese Master's degree standard

* Comparable to RQF Level 7 (Master's degree standard)

Context and Scope

The Global Association of Risk Professionals (GARP) is a not-for-profit independent organisation and membership association for risk managers. In the field of financial risk management, GARP provides certification for risk professionals in the form of the Financial Risk Manager (FRM) Designation, awarded on successful completion of the FRM Program.

The FRM was previously benchmarked by Ecctis to the UK system in 2016; an international

benchmarking of the FRM to selected international education systems took place in 2017. These systems included the USA, Canada, India, Hong Kong, Singapore, Australia, South Africa, and Taiwan.

Following updates to the FRM Program and the introduction of computer based assessment, GARP commissioned Ecctis to undertake a benchmarking exercise with the aim of reviewing the comparability of the updated FRM Program and designation in relation to the UK education system, the eight education systems included in

¹ The statements in reference to national qualification standards highlight the overall comparable educational level but do not imply equivalence in every aspect of study and outcomes. Equally, the comparisons to framework levels in the selected countries' systems orient the overall level of skills and knowledge of the FRM to the most applicable level but do not necessarily reflect an exact match in every skill area referenced in the descriptors.

² In the context of the European Qualifications Framework (EQF), RQF Level 7 (FRM comparable level) has been referenced to EQF Level 7.

the 2017 study, and five additional systems: Brazil, China, Japan, Mexico, and UAE. This study intends to provide a wider understanding of the FRM and its comparable educational level in the UK and in the wider, international context.

FRM Program and Designation

To obtain the FRM, candidates are first required to complete the FRM Program and pass two four-hour exams, Part I and Part II. The FRM is typically taken as a self-study programme and comprises a number of core topic areas at each level, with a series of readings to be completed in preparation for the exams. The Part I and Part II exams each contain 100 and 80 equally weighted multiple choice questions respectively. In addition, candidates must also complete two years of work experience in a risk-management related role to obtain the FRM.

Key Findings

On the review of the updated FRM Program, it was found that minor changes had been made since the 2016 study to content and learning objectives. The main change has been the addition of Liquidity and treasury risk management in Part II, and topic weightings have been adjusted to reflect the inclusion of this new section. Overall, the FRM was found to be comparable to RQF Level 7. Review of the new components of the FRM program and associated learning objectives in relation to RQF descriptors found similarities with both RQF Level 7 skill and knowledge descriptors.

International comparisons of the FRM to the eight selected systems established in 2017 were reviewed and subsequently re-confirmed in the context of the present study.

In comparison to education systems in Brazil, China, Japan, and Mexico, similarities were identified between FRM and core components of selected Master's degrees in finance and financial risk management. Comparable coverage was evident in terms of the techniques and tools used to conduct financial analysis and coverage of quantitative methods. While the Master's degree programmes reviewed typically have a broader focus on developing independent research skills in

finance and, where relevant, financial risk, Master's programmes and the FRM similarly emphasise the practical application of analytical techniques in solving financial problems. Assessment methods and modes of learning vary, given that the FRM is a self-study programme and assessed via written examinations. Nonetheless, comparability was broadly observed in terms of content (where modules focus on financial analysis / risk management related topics), learning, and associated outcomes.

In relation to QF*Emirates* descriptors, the FRM learning objectives relate to Level 9 overall in terms of components including knowledge, skills, and aspects of competence. FRM learning objectives highlight the development of a comprehensive, highly specialised knowledge in risk management, reflecting Level 9 as well as developing advanced skills in analysis and evaluation.

Methodology

Based on Ecctis' well-established methodology for credential evaluation, this benchmarking study involved an initial review of the FRM designation in terms of:

- Entry requirements
- Duration
- Content and structure
- Modes of learning and assessment
- Learning outcomes
- Associated outcomes.

The review also considered the changes to the FRM since the 2016 study. A review of FRM objectives and assessed skills against RQF descriptors was conducted and used to determine comparability in the UK system. In the UAE, the analysis focused on the comparability of FRM learning objectives to QF*Emirates* level descriptors. In countries without a qualification framework (China, Japan, Mexico and Brazil), the analysis focused on qualification core components.

Quality assurance and control mechanisms and processes were also considered for the purposes of Ecctis determining comparability. These were found to be sufficient for the purposes of confirming the comparability of the FRM designation.