

Liquidity risk management (including Basel-III liquidity standards)

By:

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Programme Objective:

- Our programme on mastering liquidity risk takes you through a practical approach to understand the concepts of liquidity, liquidity risk and a framework for implementing liquidity-risk management (LRM) in banks and financial institutions (FIs).
- The workshop enhances the knowledge and understanding of the participants on various components of liquidity, its ratios and the Basel / regulatory prescriptions.
- The programme facilitates the participants to effectively develop and implement the various building blocks of liquidity management framework as per Basel guidelines in their organisation.
- The programme also equips the participants with the required knowledge and expertise to manage a bank's balance sheet from the liquidity perspective or carry out internal or external audit of liquidity.

Major topics covered by the programme:

- Meaning and coverage of dimensions and manifestations of liquidity risk
- Measurement of liquidity risk – flow approach and stock approach of the RBI
- Basel-III – New prescriptions to manage liquidity risk
- Liquidity coverage ratio (LCR)
- Explanation of LCR and its purpose
- High-quality liquid assets (HQLAs) – meaning and components
- Computation of LCR
- Net stable funding ratio (NSFR) – explanation and computation
- Stress-testing framework of liquidity risk
- Contingency liquidity plan
- A case study on liquidity risk
- Discussions on liquidity risk in the current scenario

Target audience

- Students (BCOM,BMS,BBA,BBI)
- Individuals Preparing for Bank Exams (Clerks and PO Exam)
- Treasury managers
- Risk managers
- Finance managers
- Business group managers

Course Structure

Day 1: Duration – 4 hours

- An introduction to the concept of liquidity and liquidity-risk management in Banks and FIs
- Meaning and coverage of liquidity risk dimensions and manifestations of liquidity risk
- Measurement of liquidity risk - flow approach and stock approach of the RBI
- An exercise on flow approach of LRM
- Basel-III – New prescriptions to manage liquidity risk
- Liquidity coverage ratio (LCR)
- Explanation of LCR and its purpose
- High-quality liquid assets (HQLAs) – meaning and components

Course Structure

Day 2: Duration – 4 hours

Financial ratio analysis

- Computation of LCR – an exercise
- Net stable funding ratio – explanation and computation
- Computation of NSFR – an exercise
- Stress-testing framework of liquidity risk
- Contingency liquidity plan
- A case study on liquidity risk
- Discussions on liquidity risk in the current scenario

Thank You
