REDmoney seminars

ASSET LIABILITY MANAGEMENT AND RISK-BASED PRICING FOR ISLAMIC FINANCIAL INSTITUTIONS

9th April 2018, KUALA LUMPUR
SIDC CPE - accredited: 10 CPE Points

With the turmoil created in the wake of the global financial crisis, the implementation of a robust risk management discipline in financial institutions is now considered one of the most important needs of the moment. This course provides instruction in Asset Liability Management set within a context of some of the most important contemporary ALM issues facing Islamic financial institutions, and shares leading solution methodologies used to overcome well-known risk management challenges.

Going beyond ALM, but closely related to it, risk-based pricing of financial instruments ensures that stakeholders are sufficiently compensated for the risks to which they are exposed. Many of these risks are complex, and use sophisticated technologies to price them accurately. Nevertheless, this course explains their basis and provides a toolkit of methodologies which can be applied to price different types of risks inherent in the financial products and balance sheets of Islamic banks.

The course will include a high level of interactive discussion, analysis of case studies, and thorough instruction in techniques which can be applied by practitioners for their everyday financial management needs.

KEY HIGHLIGHTS

- Identify, measure and manage risk at financial product and balance sheet levels with a focus on market and liquidity risks.
- Apply analytic methodologies for the risk-based pricing of Islamic banking assets.

AGENDA

Part 1: ALM and Liquidity Risk Management

Overview of Financial Intermediation in Islamic Banks

- Balance sheet assets and funding sources of Islamic banks
- Sukuk and their tie back to the balance sheets of Islamic banks
- What are the main differences with conventional banks?

ALM in Islamic Banks

- What is ALM and why is it important?
- What are the main risks that ALM deals with?
- What is special about Islamic banks that requires a good ALM discipline?
- How should Islamic banking assets be funded?

Liquidity Risk Management in Islamic Banks

- Static liquidity gap analysis: method and shortcomings
- Dynamic liquidity gap analysis: simulation to quantify funding needs
- What is the role of liquidity stress testing and how can it be made useful?
- What can Islamic banks do to better manage their particular liquidity risks
- Basel III and liquidity ratios for Islamic banks

Part 2: Markup and Currency Risk Management

Markup Risk Management in Islamic Banks

- Markup risk measurement approaches
    - Static re-pricing gap analysis
    - Dynamic earnings-at-risk analysis
    - Full simulation
- Markup risk management
    - Setting an ALM objective
    - Structural versus hedging solutions
    - Managing markup risk and Displaced Commercial Risk in Profit Sharing Investment Accounts

Currency Risk Management in Islamic Banks

- How does currency risk arise in Islamic banks?
- How can it be managed simply without using hedging?
- Practical applications of 'Islamic derivatives' to manage currency risk

Part 3: Risk-Based Pricing

Risk-Based Pricing of Islamic Financing Receivables

- Why is the pricing of receivables an issue for Islamic banks?
- What are the implications of not pricing receivables in a risk-sensitive way?
- What is the role of competition between Islamic banks when it comes to pricing?
- What are the components of pricing for Islamic financing receivables?

Case Study: Pricing cost of funds refinancing risk

Risk-Based Pricing of Sukuk

- Characteristics of Sukuk for our purpose
- How do practitioners currently price Sukuk?
- Why should Sukuk pricing be risk-based?

Case study: Pricing credit risk in Sukuk Al-Ijarah

SPEAKER

Dr Ken Baldwin
Former Director
Financial Policies & Planning, Islamic Development Bank

Dr. Ken has worked as a practitioner in banking and finance for over 25 years in senior quantitative finance and risk management positions. Having graduated from Oxford University with a first-class honors degree in Physics, he qualified as a Chartered Accountant before joining UBS, and then later Credit Suisse, in derivatives risk and control functions based in London. He gained a PhD in the microeconomic theory of risk sharing in Islamic contracts, and worked in the GCC for 15 years in Islamic retail and Islamic investment banks. Dr. Ken built an ALM analytic technology platform for Abu Dhabi Islamic Bank, was MENA Regional Head of Quantitative Analysis for Citigroup, and has worked in quantitative risk management roles for both conventional and Islamic private equity and venture capital institutions. He most recently set up the Islamic Development Bank's Financial Policies and Planning function, which provides risk and pricing analytic support at product and balance sheet levels. Dr. Ken is currently a senior university lecturer in finance in the UK, has published quantitative finance articles in peer-reviewed academic journals including the Journal of Risk, and taught CFA and FRM in his earlier career.

Who Will Benefit?

- ALCO Members and Support Staff
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- Portfolio Managers
- Auditors
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RM 17,500 ☐

- Logo on all promotional activities
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- 25% discount on any additional delegate places
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REDmoney Group

REDmoney Group's latest offering, IFN Seminars, takes Islamic finance to new and developing markets and tackles the industry's most innovative and imperative topics. These high-level, practitioner-led events offer practical insights on technical and strategic aspects of Islamic finance to dealmakers, regulators and intermediaries in core and developing Shariah-compliant markets. Leveraging on our highly regarded Forums and Training courses, these seminars offer the same exceptional quality of speakers in a small-group setting allowing delegates the opportunity to interact with our panel of highly experienced industry leaders in an event format that is intended to provide comprehensive knowledge on the very latest issues and trends.

REDmoney Group is the foremost global provider of specialized Islamic financial media services across three core divisions of events, publishing and training. Established in 2004, the firm has offices in Dubai and Kuala Lumpur: offering an unrivalled multi-channel service across the full spectrum of the global financial markets. The outward-facing arms of the REDmoney publishing and events portfolio are supported by REDmoney Training, which provides access to industry-leading expertise from the best in the field.

REDmoney Group covers the full range of global markets: from emerging Islamic economies across Africa and Asia to industry leaders such as Malaysia and the GCC along with developed nations in Europe and the Americas seeking to enter the sector. The company offers unequalled access to the elite of the industry: with relationships built up over a decade of trusted communication with market leaders to provide a detailed network covering every aspect of Islamic financial services.

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DELEGATE REGISTRATION

BOOKING DETAILS

I am booking:	Price per Delegate	Total Price	Early Bird *(10% Discount)*
☐ 1 delegate	RM1,999	**RM1,999**	RM1,799
☐ 2 delegates *(5% Discount)*	RM1,899	**RM3,798**	RM3,418
☐ 3 delegates *(15% Discount)*	RM1,699	**RM5,097**	RM4,588
☐ 4 delegates *(20% Discount)*	RM1,599	**RM6,397**	RM5,757
☐ 5 delegates *(35% Discount)*	RM1,299	**RM6,497**	RM5,847

** Please note that prices do not include GST*
** Further attractive packages are available for groups of more than five. Please contact us directly.*

Online training option: I would like to also enrol for the online course, **Shariah Risk & Governance Framework for Islamic Financial Institutions** for the special price of RM200 per user. Please tick here ☐

Available Discounts
Early Bird: Registrations received on or before 9th March 2018, will receive a 10% discount. No discount shall be given to registrations received after this cut-off date.

Discount for Active Subscribers of Islamic Finance *news*: If the delegate is a current IFN subscriber, he/she shall receive a flat 10% discount from the normal fee. Please tick here ☐

Loyalty Program: 25% discount on other seminars attended within a 6-month period and non-transferrable. Please tick here ☐

DELEGATE DETAILS

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