

## **LIQUIDITY AND CAPITAL MANAGEMENT FOR ISLAMIC FINANCIAL INSTITUTIONS**

*A one-day course providing an understanding of important liquidity and capital management issues faced by Islamic financial institutions*

**4<sup>th</sup> September 2018, LONDON**

In Q3 2017, the Bank of England announced it will be developing and adopting a Wakalah fund-based deposit facility backed by Sukuk to allow UK Islamic banks to hold central bank assets as part of their liquid assets buffer. This recent development will help UK Islamic banks to comply with the Basel III LCR requirement to hold sufficient high-quality liquid assets. However, there is a continuing need for Islamic banks to access enhanced-yield Shariah compliant liquid instruments for liquidity management purposes. Additionally, Islamic banks continue to face a structural liquidity imbalance in their balance sheets due in part to the short-dated nature of Islamic capital market instruments, which makes regulatory NSFR (Net Stable Funding Ratio) compliance challenging.

This one-day course provides delegates with an understanding of issues and solutions to important liquidity and capital management issues faced by Islamic banks. The course approaches liquidity and capital management from an economic, and also a regulatory reporting, perspective. Basel III liquidity and capital regulatory compliance is examined, along with ILAAP (Internal Liquidity Adequacy Assessment Process) and ICAAP (Internal Capital Adequacy Assessment Process) preparation. Analytic solution methodologies for the internal management of liquidity and capital are then explored, including how value-at-risk is practically applied and implemented to manage liquidity and capital.

The course will include a high level of interactive discussion, analysis of examples / case studies, and thorough instruction in the treatment of liquidity and capital for Islamic banks. Knowledge gained from the course is directly applicable in practice.

### **KEY HIGHLIGHTS**

- Understand key capital management issues pertinent to Islamic financial institutions
- Understand the essentials of ILAAP and ICAAP
- Apply analytic methodologies for the internal management of liquidity and capital for Islamic financial institutions

# AGENDA

---

## Session One: Basel III and ILAAP

- Introduction:
  - The Basel III overarching framework
  - Changes to the regulation of liquidity brought about by Basel III
  - Objectives of the ILAAP and overview of the ILAAP approach
- Essential components and challenges in building an ILAAP
  - Liquidity risk strategy
  - Liquidity buffers and collateral management
  - Liquidity monitoring
  - Liquidity risk tolerance
  - Liquidity stress-testing and choice of scenarios
  - Market access & Contingency funding plan
- The ILAAP Process

## Session Two: IFSB and ICAAP

- What is the difference between economic and regulatory capital?
- What were the changes in eligible capital and capital requirements brought about by Basel III?
- How does IFSB-15 determine the capital adequacy of Islamic banks?
  - Capital requirements by risk type
  - Capital requirements by Islamic financial instrument
- What are the objectives and structure of the ICAAP?
- Essential components and challenges in building an ICAAP

## Session Three: Liquidity Management

- Challenges faced by Islamic banks in complying with LCR and NSFR requirements
- The Bank of England's liquidity facility for Islamic banks
- Review of traditional analytic tools for liquidity risk measurement
  - Static liquidity gap analysis
  - Dynamic liquidity gap analysis
- Review of advanced measurement techniques for liquidity risk measurement
  - Monte-Carlo simulation
  - Liquidity at risk
- Liquidity stress-testing

## Session Four: Capital Management

- What is economic capital and why measure it?
- Application of the value-at-risk methodology to economic capital
- How to determine which lines of business or products utilize the most economic capital
- Stress-testing economic capital
- What management actions are needed if capital is deemed insufficient?

## Final Group Discussion and Wrap-Up

## COURSE LEADER

---



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

Dr. Ken Baldwin has worked as a practitioner in banking and finance for over 25 years in senior positions spanning the front and middle offices. Having graduated from Oxford University with a first-class honors degree in Physics in 1989, he qualified as a Chartered Accountant with PWC, 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. Whilst at Abu Dhabi Islamic Bank, Dr. Ken built an ALM analytic technology platform capable of capturing liquidity and interest rate risks inherent in the many varied Islamic financing products used at retail and corporate levels. He then moved to take up the position of MENA Regional Head of Quantitative Analysis for Citigroup. At Citicorp, Dr. Ken worked on structuring complex products used by Gulf-regional corporations to hedge FX and interest risks. Still residing in Bahrain, Dr. Ken then joined Investcorp, where he worked on the risk due diligence of corporate private equity and real estate private equity transactions and portfolio management. After leaving Investcorp, he set up the risk management department for venture capital bank, providing Basel III compliance and deal analysis for the bank. He then operationalized a new Islamic investment bank as its Chief Operating Officer for 3 years, before his most recent industry role at the Islamic Development Bank, where he set up and ran a new department tasked with developing Financial Policies and Planning underpinned by robust financial analytic tools and methodologies designed specifically for the IDB. Dr. Ken is currently a senior university lecturer in finance in the UK. He has published quantitative finance articles in peer-reviewed academic journals including the Journal of Risk, and during his earlier career, taught CFA and FRM professional certifications as a pastime for the Bahrain Institute of Banking and Finance.

### Who Will Benefit?

- Chief financial officers, heads of finance, and finance officers
- Chief risk officers, risk managers, and risk analysts
- Treasurers and treasury managers
- Ratings agency analysts
- Regulators
- Internal auditors

**LIQUIDITY AND CAPITAL MANAGEMENT FOR ISLAMIC FINANCIAL INSTITUTIONS**

4<sup>th</sup> September 2018, London

**Associate Partner:**

**£ 4,000**

- Logo on all promotional activities
- 5 invitations for your colleagues and clients
- 25% discount on any additional delegate places
- Full coverage on the Seminar website including biography and hyperlinked logo
- Branding throughout the Seminar: Seminar Guide Cover, Buntings,
- Table-top space in the breakout area during the Seminar
- Guaranteed prime session participation
- One exclusive seat-drop during the Seminar
- Full delegate list within one week post Seminar
- Post-Seminar questionnaire results

**Partner:**

**£ 2,000**

- Logo on all promotional activities
- 2 invitations for your colleagues and clients
- Coverage on the Seminar website including biography and hyperlinked logo
- Guaranteed session participation
- Branding throughout the Seminar: Seminar Guide Cover, Buntings,
- Table-top space in the breakout area during the Seminar
- Delegate list within one week post Seminar
- Post-Seminar questionnaire results

The sponsor / Delegate will arrange for the payment in one installation of £\_\_\_\_\_ exclusive of all taxes to REDmoney, within 14 days of invoice or before the event taking place (whichever is sooner).

<b>Company Name:</b>			
<b>Name:</b>		<b>Signature for Sponsor:</b>	
<b>Title:</b>		<b>Date:</b>	

**One Sponsor One Logo Policy:** Each sponsor is only entitled to one logo. Permission from the organizer is required to display additional corporate brands and to disseminate alternatively branded marketing materials.

By signing this contract you are bound by our cancellation policy of no refunds. Your account will be credited for future events in the same calendar year. However, for cancellations of less than one month prior to the event taking place, no refund or credit will be offered. If you so wish to cancel your sponsorship (howsoever arising), the entire amount due will be payable to **REDmoney Sdn Bhd / REDmoney Limited**.

**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.



# LIQUIDITY AND CAPITAL MANAGEMENT FOR ISLAMIC FINANCIAL INSTITUTIONS

4<sup>th</sup> September 2018, London

## BOOKING DETAILS

I am booking:	Price per Delegate	Total Price	Early Bird (10% Discount)
<input type="checkbox"/> 1 delegate	£800	<b>£800</b>	<b>£720</b>
<input type="checkbox"/> 2 delegates (5% Discount)	£760	<b>£1,520</b>	<b>£1,368</b>
<input type="checkbox"/> 3 delegates (15% Discount)	£680	<b>£2,040</b>	<b>£1,836</b>
<input type="checkbox"/> 4 delegates (25% Discount)	£640	<b>£2,560</b>	<b>£2,304</b>
<input type="checkbox"/> 5 delegates (30% Discount)	£520	<b>£2,600</b>	<b>£2,340</b>

\* Further attractive packages are available for groups of more than five. Please contact us directly.

### Available Discounts

**Early Bird:** Registrations received on or before 3<sup>rd</sup> August 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 you are a current IFN subscriber, you shall receive a flat 10% discount. Please tick here

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

## DELEGATE DETAILS

Name	Job Title	Email address	Telephone
1 _____ / _____ / _____ / _____			
2 _____ / _____ / _____ / _____			
3 _____ / _____ / _____ / _____			
4 _____ / _____ / _____ / _____			
5 _____ / _____ / _____ / _____			

## WHO TO INVOICE AND CONTACT?

Please tell us who we should invoice. It is also helpful for us to have the name of an administrator with whom we can liaise directly.

Contact person for invoicing: \_\_\_\_\_ Job Title: \_\_\_\_\_

Email: \_\_\_\_\_ Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

Contact person to send administration details: \_\_\_\_\_

Job Title: \_\_\_\_\_ Email: \_\_\_\_\_ Tel: \_\_\_\_\_

Payment can be made by cheque or bank transfer. A notification will be sent to you once payment has been received.

I wish to pay by: Cheque/bankers draft  Telegraphic transfer  Credit Card

## APPROVING MANAGER

To process your registration we require the name and signature of a manager who is authorized by your organization to approve training expenditure.

Name: \_\_\_\_\_ Job Title: \_\_\_\_\_

Organization name: \_\_\_\_\_ Email: \_\_\_\_\_ Tel: \_\_\_\_\_

Authorizing signature \_\_\_\_\_ (mandatory)

Yes, I have read and understood the booking and cancellation policy below.

## SEND US YOUR REGISTRATION!

By email: [seminars@redmoneygroup.com](mailto:seminars@redmoneygroup.com) By fax: +603 2162 7810

You may also book online at <http://www.REDmoneyevents.com>

Please call us on: +603 2162 7800 or +603 2162 7802 if you require assistance.

Our address is: REDmoney, Suite 22-06, 22<sup>nd</sup> Floor, Menara Tan & Tan, 207, Jalan Tun Razak, 50400 Kuala Lumpur

### Booking, Payment and Cancellation Policy – important, please read carefully

By completing, signing and sending us this registration form you are confirming delegate places on the seminar. You are also confirming your understanding of our Booking, Payment and Cancellation Policy.

**Cancellation:** If delegates cannot attend the seminar replacement participants are always welcome. Otherwise delegates must request in writing (letter, fax or email) to cancel registration/s or transfer to a different seminar at least 21 days before the seminar start date to be eligible for a refund, less a 5% administration fee. Delegates who cancel within 21 days of the seminar start date, or who do not attend, are liable to pay the full seminar fee and no refunds will be given. Instead fees will be converted to a IFN Seminars voucher equivalent to the original fee, less a 15% administration charge. This voucher is transferable within your organization and must be redeemed within one year of issue or become void. If a seminar is postponed for whatever reason delegate bookings will be automatically transferred to the new seminar date. Delegates who wish to transfer to a different seminar will be subject to the same terms as above and charged the difference in seminar fees. No refunds or seminar vouchers will be issued for a no-show.

**Payment Terms:** All seminars fees are to be received within 14 days of invoice date. REDmoney shall receive the full seminar fee with no deductions of any description. All telegraphic transfer fees, taxes and levies (domestic or otherwise) shall be borne by the sponsoring organization.

© REDmoney Seminars reserves the right to amend the published program or speaker. In the event of seminar cancellation by REDmoney Seminars due to unforeseen circumstances, REDmoney Seminars is liable only to refund the cost of the seminar.

Seminar Venue: Full details of the venue will be sent to you upon registration.

IFN1831/P