

Course Outline

Two day course outline on Banking Regulation- moving from Basel II to Basel III

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Course Outline

Day 1:

1. Introducing Basel III
 - a. From Basel I to Basel II – key features of Basel II
 - b. Risk sensitivity of capital standards – moving from regulatory capital to economic capital
 - c. Overview of Basel II
 - d. Introducing Basel III – chief additional features
 - i. Structure of Basel III
 - ii. Redefinition of Tier 1 capital, additional capital requirements, countercyclicality buffers
 - iii. Liquidity standard
 - e. Implementation roadmap and progress
2. Leverage controls and counterparty risk weights
 - a. Overall leverage standard in addition to capital for risk weighted assets
 - b. Relevance of leverage ratio
 - c. Off balance sheet exposures and leverage ratio
 - d. Counterparty risk adjustments in case of OTC derivatives
 - i. Brief discussion on mathematical approaches to CVA for counterparty risk weights
3. Liquidity standards – new standard under Basel III
 - a. Moving from pure capital-based controls to liquidity standard
 - b. Relevance of liquidity standard for banks
 - c. Short term and medium term liquidity requirements – concepts behind LCR and NSFR
4. Liquidity coverage ratio and net stable funding ratio:
 - a. Liquidity coverage ratio
 - i. Meaning of highly liquid assets
 - ii. Level 1 and Level 2 assets
 - iii. Computation of net cash outflows
 - b. Net stable funding ratio
 - i. Meaning of funding available
 - ii. Meaning of required funding
 - iii. Weights for available stable funding
 - iv. Weights for required stable funding
 - v. Off balance sheet items and required stable funding

Course Outline

Day 2:

1. Introduction of Basel III in India
 - a. RBI's roadmap for introduction of Basel III in India
 - b. Main components of RBI's approach to Basel III
 - c. How would capital requirements work under Basel III in India
2. Liquidity risk management framework
 - a. RBI standards on liquidity risk management
 - b. Detailed discussion with examples on liquidity management under Basel III
 - c. Principles of sound liquidity risk management
 - d. Supervisory monitoring of liquidity risk
 - e. Monitoring metrics
3. Pillar 2 under Basel III
 - a. Firm wide governance and risk management systems
 - b. ICAAP requirements – how to strength internal assessment of capital adequacy procedures
 - c. Capturing risk of off balance sheet and securitisation exposures
 - d. Managing risk concentrations
 - e. Valuation practices
 - f. Stress testing practices
4. Pillar 3 under Basel III
 - a. Disclosures under Basel III
 - b. Disclosures under IFRS 7 and Basel III – comparison
 - c. Guide to implementation of Basel III