

Liquidity Risk

The new frontier of interest rates in
the banking industry

Suresh Sankaran

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Mexico City



RiskMathics
FINANCIAL INSTITUTE

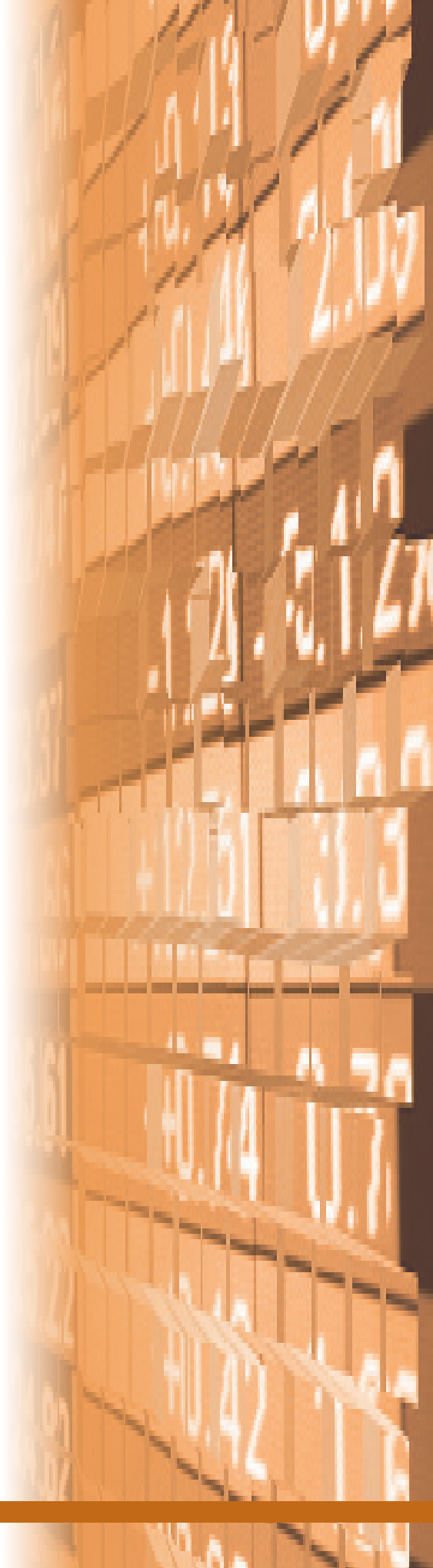
Description:

Liquidity risk is fundamental to the management of every financial operation. This ground-breaking course will teach you the best proactive methods for measuring and managing liquidity risk in today's turbulent market environment.

Objective:

Attend this two-day course and gain a comprehensive understanding of the liquidity risk dynamics, the process that is followed in the best organisations, market and funding liquidity, liquidity contingency planning, and the incorporation of credit in the liquidity framework:

- The incorporation of liquidity spreads in pricing and funding.
- The challenges of building a successful framework for liquidity risk management.
- The regulatory requirements for liquidity.
- Effective liquidity stress testing and contingency planning.
- The techniques for modelling liquidity risk within a treasury framework.
- The incorporation of credit in the liquidity risk framework.
- Northern Rock – A Case Study.





SURESH SANKARAN

**Managing Director
Kamakura Corp.**

Suresh recently assumed the role of Managing Director, Advisory Services, of Kamakura Corporation where he heads, develops, and provides Enterprise Risk Management (ERM) and Basel II advisory consulting services to its clients worldwide. His work includes practical application of advanced financial analytics to solve crucial risk management issues, on assignments involving latest solutions in the field of financial engineering including advice on term structure models, valuation strategies, V@R, and credit risk.

He re-joined Kamakura Corporation from the International Finance Corporation (IFC), the private sector arm of the World Bank Group, where he was Principal Operations Officer responsible for the development of risk management practices in the financial services sector in emerging markets. Prior to his current role, he was Vice-President and Director, Strategic Consulting Services, at Fiserv. In this role, was responsible for risk management projects around the globe, and was also for consulting development on the enterprise wide risk management-consulting arm of Fiserv Risk.

Suresh has managed several projects to structure default probability estimates for retail banking portfolios, including the incorporation of user-specific variables into a credit scoring and default estimation framework, and including the testing of the statistical significance of selected variables.

He has advised clients on customer behavior modelling on retail banking products like mortgages for prepayments, and non-determinant deposits for early withdrawal.

Suresh joined IPS-Sendero, a fully owned business unit of Fiserv, in 1998 from ABN AMRO Bank, where he was responsible for the conceptualization, development, and implementation of Treasury Trading and Profitability Systems to support the Group's ongoing Executive Information Programme.

TOPICS

Understanding the nature of liquidity risk

- Definition, understanding of liquidity
- Pools of liquidity, and illiquid assets
- Market conventions

Building a framework for liquidity management

- Mismatch approach
- Foreign currency liquidity management
- Internal controls for liquidity risk management: stress testing
- Internal controls for liquidity risk management: scenario analysis

Liquidity contingency planning

- The need for contingency planning
- Written contingency plans
- Crisis management plans for assets
- Crisis management plans for liabilities
- Internal and external communications
- Other crisis management issues

Liquidity stress-testing

- Why stress test liquidity
- General considerations
- Empiricism versus rocket science
- Current stress test priorities
- Assumption sensitivity
- Additional considerations

Measuring market risk – Liquidity adjusted Value at risk (LVAR)

- Definitions
- Using liquidity-adjusted VAR to manage risk
- Limitations of standard VAR measures to assess liquidity

The incorporation of credit in the liquidity risk framework

- Cash-flows adjusted for credit
- The recovery process
- Credit in funding and market liquidity
- Credit-adjusted liquidity analytics

Northern Rock – A case study on liquidity

- What caused the failure of Northern Rock
- The structure of syndication, securitisation, and so many other ions
- The history of Northern Wreck

AGENDA

JUNE 19 - 20, 2019

10:00 AM - 6:00 PM

REGISTRATION

TELEPHONE: +52 (55) 5638 0367 & +52 (55) 5669 4729

E-MAIL: derivatives@riskmathics.com

REQUIREMENTS

1. Intermediate or high level of English is required. Simultaneous translation will not be provided.
2. Come from economic - Administrative Careers.
3. Preferably working in Financial Institutions.
4. Participants should bring a laptop.

VENUE:

JW Marriott Santa Fe Hotel
Avenida Santa Fe 160 Col. La Fe Santa Fe,
CDMX.

Price: \$28,000.00 MXN + IVA

PAYMENT METHODS:

1. Bank Transfer and Cash Deposits (for Local Institutions)

NAME: RiskMathics, S.C.

BANK: BBVA Bancomer

CLABE: 012180001105829640

ACCOUNT: 0110582964

2. Bank Transfer in US Dollars (Foreign Institutions)

BANK: BBVA Bancomer

BRANCH NUMBER: 0956

SWIFT: BCMRMXMM

BENEFICIARY: RiskMathics, S.C.

ACCOUNT: 0121 8000 11 0583 0066

3. Credit Card: Visa, Mastercard or American Express.

IMPORTANT NOTICE: There will be no reimbursements.



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