**Liquidity Risk Management :**

**Duration: 16 hours / Two days**

**Content:**
**Introduction**
- What is liquidity risk?
- Why it is important for banks to manage liquidity risk?
- Liquidity vs. solvency

**Causes of liquidity risk in banks**
- Types of liquidity risks : funding liquidity risk and trading liquidity risk
- Real life examples of liquidity risk faced by banks

**Measurement of liquidity risk in banks**
- Basic indicators e.g. credit deposit ratio
- Flow approach of liquidity risk measurement
- Stock approach of liquidity risk measurement
- Gap analysis
- Measurement horizons
    - Intraday liquidity management
    - 30 days horizon
    - 1 year horizon

**Intraday liquidity risk management**
- Intra-day liquidity risk in HVPS
- Evaluating Intraday Liquidity Requirements
- Sources of Intraday Liquidity Funding

**Liquidity risk governance and regulatory requirements**
- BCBS Principles for Sound Liquidity Risk Management
- Who is responsible for managing liquidity risk in banks?
- Basel III Accord requirements for liquidity risk management
- Liquidity Coverage Ratio (LCR) and its purpose
- High Quality Liquid Assets (HQLAs)
    - Computation of HQLAs
    - Computation of Liquidity Coverage Ratio
- Net stable Funding Ratio (NSFR) and its purpose
    - Computation of NSFR
- Management of Liquidity risk through Asset Liability Management (ALM)

**Mitigating liquidity risk in banks**
- Liquidity risk avoidance
- Using assets for liquidity management
- Using liabilities for liquidity risk management
- Contingency funding plan

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**Stress testing for liquidity risk management**

- Steps of Stress Testing
- Stress-tests: key scenarios relating to business activities, products and portfolio