Training Proposal | Basel III: Endgame

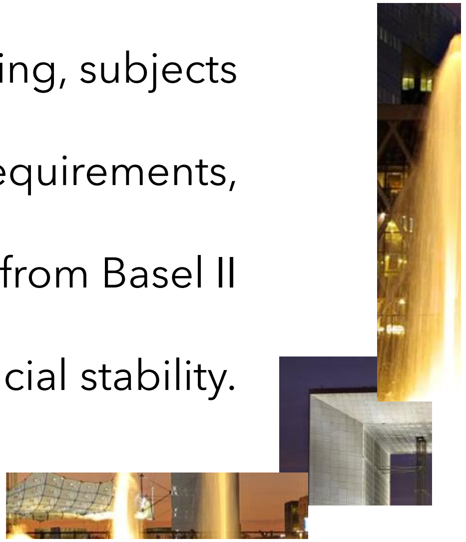
Navigating Through Uncertainty and Changing Regulatory Landscape

Basel III: Endgame

"Internal models can often underestimate risk, as banks are incentivized to keep their capital costs low. Instead, regulators would prefer **uniform modeling standards** *across large banks."*

Michael Barr | Federal Reserve Vice Chair for Supervision

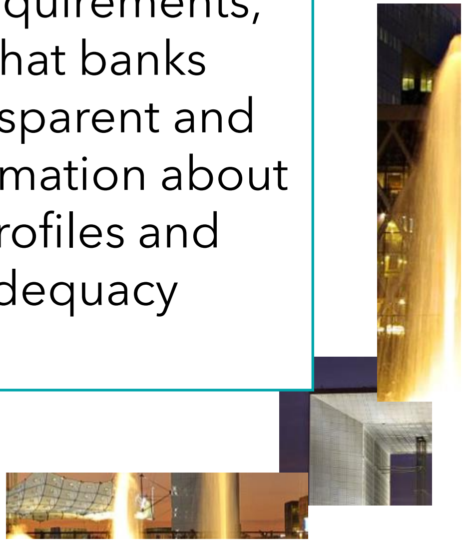
The **Basel III framework**, established by the Basel Committee on Banking Supervision, aims to strengthen regulation, supervision, and risk management within the banking sector. For comprehensive training, subjects should encompass the overall structure and key components of Basel III, including capital adequacy requirements, leverage ratios, and liquidity requirements. Emphasis should be placed on understanding the changes from Basel II to Basel III, the rationale behind these changes, and their impact on banks' operations and financial stability.



The Three Pillars

Basel III is structured around **three pillars**

Pillar I	**Pillar II**	**Pillar III**
focuses on minimum capital requirements, enhancing the quality and quantity of the capital base. It introduces more stringent risk weightings for assets and raises the minimum capital ratios	deals with the supervisory review process, ensuring that banks have sound internal processes to assess and manage risk. It requires banks to undergo comprehensive risk management assessments and stress tests	promotes market discipline through enhanced disclosure requirements, ensuring that banks provide transparent and accurate information about their risk profiles and capital adequacy



Pillar I: Credit Risk

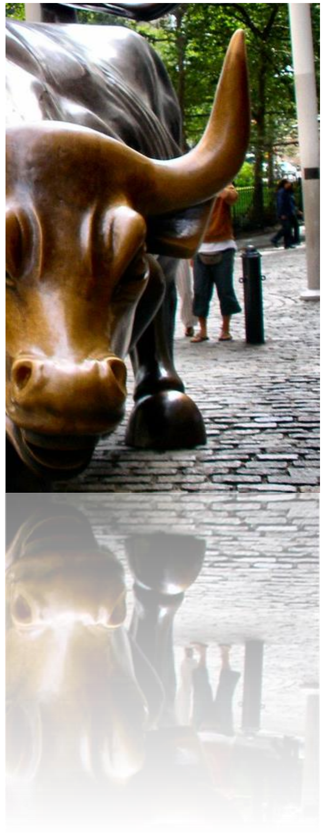
Credit risk arises from the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms. This type of risk is managed by assessing the creditworthiness of borrowers, setting credit limits, and diversifying the credit portfolio. Basel III requires banks to apply risk weights to different types of credit exposures, reflecting their likelihood of default and potential loss severity.

Specific Topic of Interest

> CCR (Counterparty Credit Risk)

> CVA (Credit Valuation Adjustment): Accounting CVA and Regulatory CVA

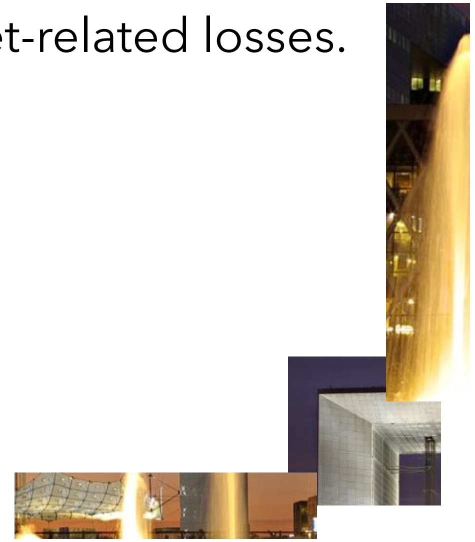
Pillar II: Market Risk



Market risk involves the potential for losses due to adverse movements in market prices, such as interest rates, equity prices, and foreign exchange rates. Banks manage market risk through the use of value-at-risk (VaR) models, stress testing, and hedging strategies. Basel III introduces more stringent capital requirements and standardized approaches for calculating market risk, aiming to ensure that banks hold sufficient capital to cover potential market-related losses.

Specific Topic of Interest

> FRTB (Fundamental Review of the Trading Book)



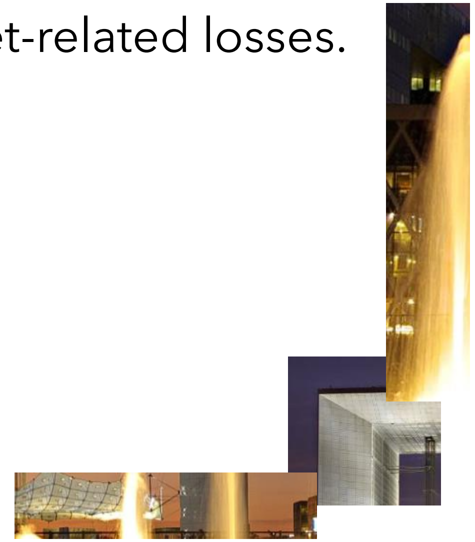
Pillar III: Operational Risk

Operational risk involves the potential for losses due to adverse movements in market prices, such as interest rates, equity prices, and foreign exchange rates. Banks manage market risk through the use of value-at-risk (VaR) models, stress testing, and hedging strategies. Basel III introduces more stringent capital requirements and standardized approaches for calculating market risk, aiming to ensure that banks hold sufficient capital to cover potential market-related losses.

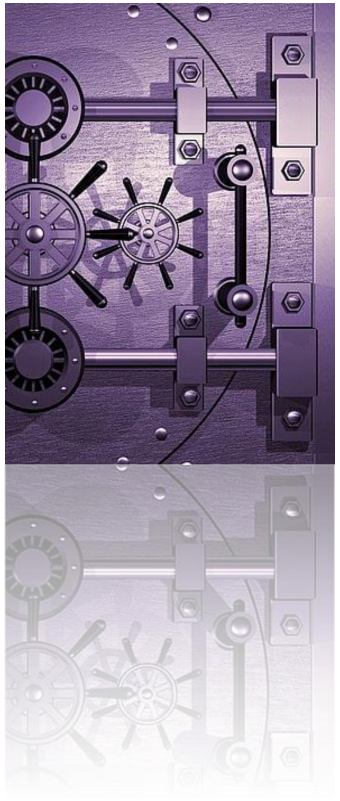
Specific Topic of Interest

> Cloud Global Dependency

> Cyber-Security



Pillar II: ICAAP

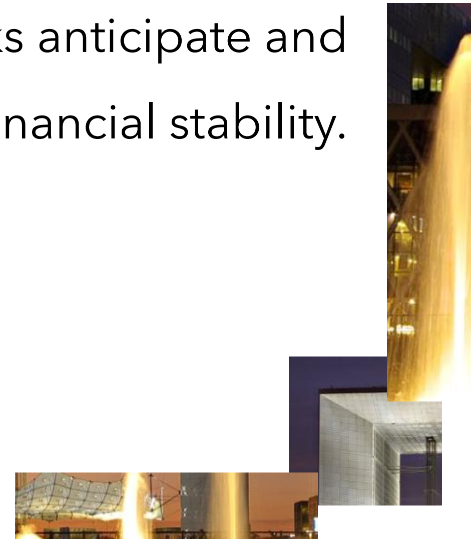


The **Internal Capital Adequacy Assessment Process (ICAAP)** is a crucial component of Pillar II, requiring banks to assess their capital adequacy relative to their risk profiles. ICAAP involves identifying all material risks, quantifying capital needs, and maintaining adequate capital buffers. Banks must document their ICAAP processes, perform regular reviews, and ensure alignment with their overall risk management strategies. Effective ICAAP implementation helps banks anticipate and mitigate potential capital shortfalls, thereby enhancing financial stability.

Specific Topic of Interest

> IRRBB (Interest Rate Risk in the Banking Book)

> CSRBB (Credit Spread Risk in the Banking Book)



Pillar II: ILAAP

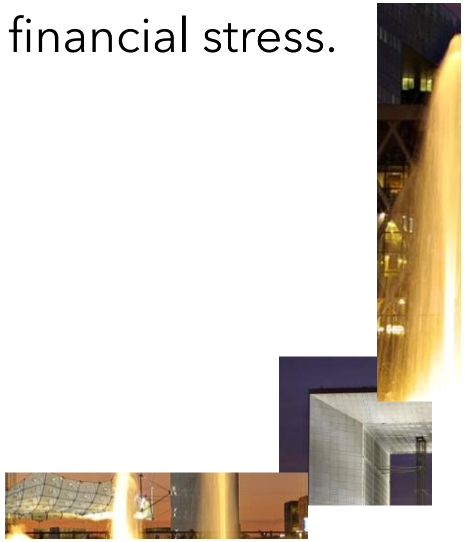
The **Internal Liquidity Adequacy Assessment Process (ILAAP)** is akin to ICAAP but focuses on liquidity risk. Banks must evaluate their liquidity positions, identify potential liquidity stress scenarios, and ensure sufficient liquid assets to meet short-term obligations. ILAAP requires regular monitoring of liquidity metrics, stress testing, and contingency planning. By maintaining robust ILAAP processes, banks can better manage liquidity risks and sustain operations during periods of financial stress.

<u>**Specific Topic of Interest**</u>

> LCR (Liquidity Coverage Ratio)

> NSFR (Net Stable Funding Ratio)

> ALM (Asset Liability Management): Liquidity Gap & Survival Horizon



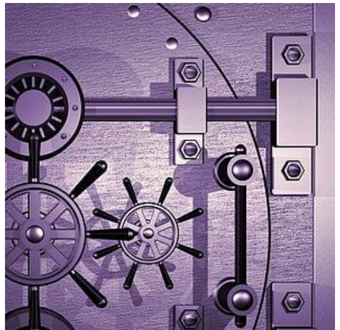
In-House Training Program

2 Days per Topic, 1 Day per Week

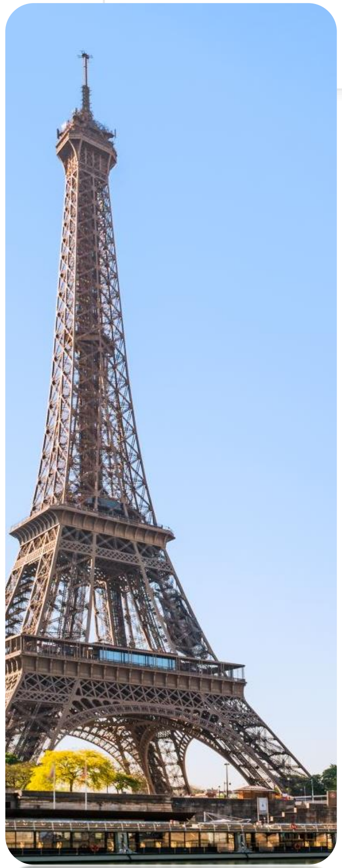
The training program is tailor-made to latest Basel III: Endgame regulatory framework and local Indonesian banking and financial market arrangements







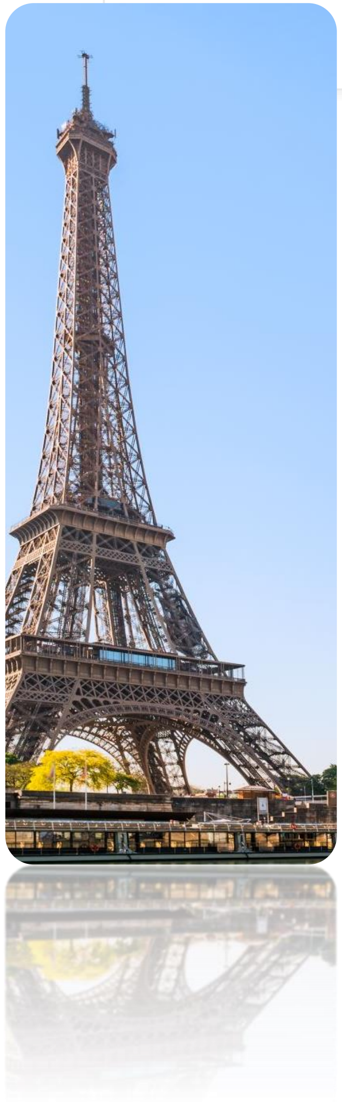

Training Team Profile



Basel III: Endgame training will be brought by a mixed of local and international (Europe) trainers, brings you the optimal mix blend knowledge and experience of the regulatory adoptions.

With international financial markets experience with multiple asset classes (FX, Rates, Bonds, Commodities, Equities), our principal trainer has been invited in various global events, articles author on risk management subjects, and has worked with several G-SIBs (Global Systematically Important Banks) in Europe as part of Basel III QIS (Quantitative Impact Study) team towards the ECB (European Central Bank)

About Us



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FinRisk has delivered various trainings since 2021 and our trainings are eligible for GARP (Global Association for Risk Professionals) CPD credits (Continuing Professional Development)

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