Asset Liability Management - Online

Volatile global markets, proliferation of new financial products and changing regulatory environments have made Asset Liability Management (ALM) a critical function for banks and financial institutions today. It is therefore becoming increasingly important to define, measure, monitor and manage an institution's exposure to Foreign Exchange, Interest Rate and Liquidity Risks on a coordinated and consistent basis.

This course is self-paced and online. You will have access to this course for 91 days. Upon successful completion, you will receive a certificate of completion.

También, se ofrece este curso en Español. Llamada para más información.

Targeted Audience

Risk managers and analysts, treasurers, pension fund managers, auditors, controllers, regulators, legal and compliance staff.

Advance Preparation

No advance preparation required.

Prerequisites

Essentials of the U.S. Capital Markets or equivalent knowledge of capital markets

Learning Objectives

Students will be able to:

. Use ALM to meet regulatory/solvency/liquidity requirements

. Control and diversify risk

. Reduce mismatches

. Establish strategic directions

. Add value creation, Risk-adjusted Return on Capital (RAROC) and Capital Allocation

Follow-Up Courses

Risk Management Suite

Credit Portfolio Risk Management

Level: Intermediate

ceu Credits: 45

icpas Credits: 15

Detailed Outline

Scope of ALM
. The concept of asset liability management
. The various types of market risks and their implications on the institution
. The short term and the long term risks
Duration: 2 hours

Objectives of ALM
. Objectives of asset liability management
. The target measures and its importance
. The dichotomy of the two target measures, viz., NII and EVPE
Duration: 1 hour

Growing Relevance of ALM
. The significance of ALM function
. The various influencing factors financial volatility, interest rate risk and others that contribute to the growing relevance of ALM
. The seven dimensions of interest rate risk
. The various regulatory initiatives and the management s recognition of ALM
Duration: 1.5 hours

A Nine-part Framework for ALM
. The purpose and significance of ALM framework
. In detail the nine-components of ALM framework
. The role, relevance and application of the framework
Duration: 1.5 hours

Strategies of ALM

. The various types of strategies in ALM process
. The difference between the various strategies that can be used on the basis of parameters such as speed, flexibility, costs and risk involved
Duration: 1 hour

Yield Curve Analysis

. The concept of yield curve and its types
. The various theories under yield curve analysis
. The types of interest rates and its computation
. The applications of yield curve analysis
Duration: 2 Hours

Interest Rate Gap Analysis - I

. The concept of gap analysis
. The method of preparation of gap report
. The process of calculating gap, cumulative gap and related measures
. The critical factors that have to be considered while slotting balance sheet items in the gap report.
. How to identify the key positions in gap report
Duration: 1.5 hours

Interest Rate Gap Analysis - II

. The computation of income statement impact of gap
. The process of setting up gap limits
. The various restructuring strategies to be followed if gap is not within limits
. The strengths and limitations of gap analysis
Duration: 1 hour

Interest Rate Gap Analysis - III

This course introduces you to the various restructuring strategies to be followed if gap is not within limits. It elaborates on the on and off-balance strategies for controlling gap. The following strategies are discussed:

. Asset Restructuring Strategy
. Liability Restructuring Strategy
. Growth Strategy
. Shrinkage Strategy

Simulation and Scenario Analysis - I

. The concept of simulation
. The process of measuring risk positions or simulating various accounts and setting risk limits.
. The distinction between various methods of choosing scenarios for simulation
. The ways of presenting the outcomes of simulation
. The various criteria used for selecting

. Off-Balance Sheet Strategy
Duration: 1 hour

an appropriate business strategy
. How to avoid analysis paralysis
. The components and issues involved in simulation modeling
. The concept of stress testing and backtesting
Duration: 2 hours

Simulation and Scenario Analysis - II
. Modeling of non-specific maturity items
. The techniques for identifying various factors that affect account balances and for analyzing rate sensitivity of core deposits
. The need to align business plan with various rate scenarios
. The process and steps involved in Monte Carlo Simulation
. The advantages and disadvantages of Monte Carlo Simulation
Duration: 2 hours

Duration I
. The concept of duration and modified duration
. The application of formulae for duration and modified duration
. The computation of different types of bonds
. The relationship between duration, yield, coupon, maturity of a bond and thereby comprehend the properties of duration
Duration: 1 hour

Duration II
. The computation of duration of perpetual bonds, embedded options and floaters
. The computation of duration of a portfolio
. The application of the concept of duration for off-balance sheet items
. The effects of approximation involved while using modified duration
. The difference between gap and duration
. The strategies of risk management
. The strengths and limitations of duration
Duration: 1 hour

Duration III

This module explains duration of equity and leverages and other items. It helps the user understand:
. The calculation of duration of equity
. The designing of hedging strategies to manage the interest rate sensitivity of the balance sheet
Duration: 1 hour

Duration IV

This unit introduces you to the duration of complex items. It helps the user understand:
. Computation of duration of complex items by using the concept of portfolio replication
. Duration calculations using zero coupon yields for finding present value of cash flows
Duration: 1 hour

Strategies for Interest Risk Management

This module elaborates on the five strategies for interest rate risk management using duration.
. Dedication
. Immunization
. Indexation
. Active Management
. Rate Anticipation
Duration: 1 hour

Basis Point Value
. The concept of basis point value
. The change in the value of the portfolio due to one basis point change in the interest rates
. The relationship between BPV, duration and modified duration
. The calculation of BPV of on-balance sheet and off-balance sheet items
. The computation of BPV of a portfolio
. The advantages of BPV as a risk control technique
Duration: 2.5 hours

Convexity
. The concept of convexity and its properties
. The calculation of convexity of different types of bonds
. The computation of convexity of a portfolio
. The impact of price change on convexity
. The concept of positive and negative convexity
Duration: 2 hours

Review of Statistical Concepts
. The various statistical measures viz., measures of central tendency and measures of dispersion
. The statistical relationship between the standard deviation and confidence intervals for normal distributions
. The concept of correlation and volatility and the methods to calculate them

Value at Risk - I
. The concept of Value at Risk
. The concept of trading and banking book
. The various methodologies of estimating VaR and their strengths and weaknesses
. The comparison between the strength

Duration: 1 hour

and limitation of VaR
Duration: 1 hour

Value at Risk - II

. The computation of VaR of foreign exchange spot, foreign exchange options positions, common shares/stocks, fixed income portfolio
. The various applications of VaR
Duration: 1.5 hours

Application of Analytical Techniques

. The framework of the analytical techniques - gap, duration, simulation and value at risk
. The concept and assumption under each technique
. The comparison and analysis of each of the techniques across various parameters
. The application of techniques with real life case studies
Duration: 1.5 hours

AL Organization

. The various elements of AL Organization viz., the ALCO, the AL sub-committee, and the ALCO support group
. The scope of ALCO
. The key issues of centralization and decentralization
Duration: 1 hour

ALCO Meetings

. The operational aspects of ALCO meetings
. The data requirements of ALCO meetings
Duration: 1 hour

ALM Policies and Procedures

. The ALM policy and the procedure manual
. The contents of the ALCO reports
Duration: 1 hour

Funds Transfer Pricing

. The concept of funds transfer pricing
. The various risks affecting the income and value of an institution
Duration: 1 hour

Funds Transfer Pricing-Practices

. This module presents an analysis of various techniques used in Funds Transfer Pricing.
Duration: 1 hour

Audit of ALM

. The significance and concept of audit of ALM function
. The overall approach and scope for the function of ALM audit
. Details of the applications of the audit process
. The various types of AL models and examine different scenarios and assumptions involved in the audit
Duration: 1.5 hours
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Language Options

También, se ofrece este curso en Español. Llamada para más información.

For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.