

ELECTIVE  
PROGRAMME

# Understanding Liquidity Risk Management in Banking

## FACULTY

Philip Tan Puay Koon

## WHO SHOULD ATTEND

Directors, senior management and anyone who may find this programme helpful

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## FACULTY



Philip Tan Puay Koon has close to three decades of experience in banking and finance, principally in the areas of Treasury and Risk Management.

Philip was a mid-career hire at Citibank Berhad, Malaysia where he served as Financial Markets Head and Country Treasurer of Citibank Berhad as well as Director of Citibank (L) Limited. In 2001, he joined the Citigroup Regional Office in Singapore as Director of Asia-Pacific Risk Treasury before being appointed as a Managing Director of Citigroup and as Chief Financial Officer of Asia-Pacific Emerging Market (EM) Sales & Trading of Citibank NA in 2004. During Philip's tenure in the Regional Office, he was pivotal in establishing and streamlining the strategy, regional structure, policies and processes of the Risk Treasury business over 13 countries.

Philip currently serves as an Independent Director of Cagamas Berhad, Citibank Berhad, Danajamin Nasional Berhad, MIDF Amanah Investment Bank Berhad and Malaysian Electronic Clearing Corporation Sendirian Berhad (MyClear). He chairs the Risk Committees at Citibank Berhad, MIDF Amanah Investment Bank and Cagamas Berhad. Since 2009, he has served as a member of the Corporate Debt Restructuring Committee (CDRC) under appointment by Bank Negara Malaysia. At the invitation of the financial community and central banks such as Bank Negara Malaysia, Bank Indonesia and the State Bank of Vietnam, Philip has shared his knowledge through seminars and lectures as well as in-house bespoke programmes. He also provides independent consultancy covering bank reviews, audits, treasury, liquidity risk management, asset-liability management and funds transfer pricing.

## PROGRAMME OVERVIEW

Liquidity risk management is an often overlooked and misunderstood aspect of risk management, despite being fundamental to a company's day-to-day survival. For banks, liquidity risk management is all the more critical, as the bank's main business lies within asset and liability management, which inevitably links to liquidity risk management. The programme will begin by establishing the definitions and practical applications of what we mean by "liquidity." This includes managing liquidity for survival, liquidity for growth, trading liquidity as well as structural liquidity.

The programme will then cover managing balance sheet liquidity, which involves developing the conceptual framework and skill sets needed to identify, measure, control and monitor liquidity risk. As the regulator plays an indispensable role in the functioning of any country's banking system, we will also review liquidity risk management with specific reference to current regulatory requirements as well as the tools availed by the central bank to manage liquidity in the market.

As liquidity risk management is a highly specialized field, the programme will include specific real-life examples to illustrate concepts shared including episodes and case studies gleaned from both local and foreign banks. The session will be interactive, with ample opportunities for participant engagement and discussion.

At the end of the programme, directors will gain a big-picture view of liquidity risk management and will be equipped with the knowledge and tools necessary to assess and analyze liquidity risk management in a banking context.

### Session 1

This session introduces the concept of liquidity risk in banks and the types of liquidity risks. It explains the relationship between the shape of the yield curve and how the bank takes advantage of the shape to undertake interest rate gapping strategies within acceptable liquidity risk parameters. Management of liquidity risk is of paramount importance to value creation, sustainability and growth of the bank — and is the main theme of this session.

### Session 2

This session looks at the relationship between liquidity risk management and asset-liability management. It explains what is involved in liability management and the management of the liquidity of assets on the balance sheet. It introduces the concept of contractual maturities and behavioural maturities. It puts forward the view that diversification and the avoidance of concentration is the key to liability management while the structuring of assets with liquidity characteristics is gaining momentum in banks.

### Session 3

This is an open session to address current issues and questions in liquidity risk management that may be of concern or are currently faced by bank boards. This session allows participants to discuss relevant issues and share common concerns, and seek clarification on what has been shared in Sessions 1 and 2.

### Session 4

This session provides a framework for the management of liquidity risk. It looks at the structure of the liquidity risk management organisation — the process, the identification, measurement, controls and monitoring of liquidity risk. In particular, it explains the various tools of liquidity risk management and how these tools can be applied in managing liquidity risk in banks.

### Session 5

This session traces the development of liquidity risk management of banks in Malaysia and the regulatory environment over the years. It explains the circumstances surrounding the 1998 Asian Financial Crisis with regards to Malaysia then, the introduction of the New Liquidity Framework by BNM and the Basel III Liquidity Requirements following the 2008 Global Financial Crisis. It explains why an understanding of Sessions 1-4 aids in understanding the Liquidity Coverage Ratio and the Net Stable Funding Ratio under Basel III liquidity compliance requirements. The session concludes with the suggestion that banks should pay particular attention to reputational risk in the management of liquidity risk management.

## REGISTRATION FORM

## Understanding Liquidity Risk Management in Banking

FEE: RM3,000

NAME

DESIGNATION

COMPANY

CONTACT TEL. NO. (COMPANY)

(PERSONAL)

FAX NO.

EMAIL ADDRESS

NAME OF SECRETARY

CONTACT TEL. NO.

EMAIL ADDRESS

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