Strategic Asset and Liability Management (ALM) Training Course

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4100 € (Per Person)

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Course Introduction / Overview:

Effective Asset and Liability Management (ALM) is the cornerstone of financial stability and profitability for any modern financial institution. In today's volatile economic environment, mastering ALM is no longer just a regulatory necessity but a critical strategic function for optimizing the balance sheet and enhancing shareholder value. This comprehensive course provides a deep dive into the principles and practices of strategic ALM, moving beyond basic compliance to focus on proactive risk management and performance enhancement. Drawing on foundational concepts from leading practitioners like Dr. Moorad Choudhry, author of "The Principles of Banking," this program explores the intricate relationships between interest rate risk, liquidity risk, and capital adequacy. Participants will gain a holistic understanding of the ALM framework, from the operational mechanics of gap analysis to the strategic decisions made at the Asset Liability Committee (ALCO) level. BIG BEN Training Center has designed this course to equip professionals with the practical tools and analytical mindset needed to navigate complex financial markets and drive sustainable growth.

Target Audience / This training course is suitable for:

- ALM Managers and Analysts.
- Treasury Professionals and Department Heads.
- Risk Management Officers and Specialists.
- Financial Controllers and Chief Financial Officers.
- Bank and Financial Institution Executives.
- Corporate Planners and Strategists.
- Investment and Portfolio Managers.
- Internal and External Auditors.
- Financial Regulators and Compliance Staff.

Target Sectors and Industries:

- Commercial and Investment Banking.
- Insurance Companies (Life and Non-Life).
- Pension Funds and Asset Management Firms.
- Credit Unions and Savings Institutions.
- Mortgage and Real Estate Finance Companies.
- Government Financial Agencies and Central Banks.
- Development Finance Institutions.

Target Organizations Departments:

- Treasury Department.
- Risk Management Department.
- Finance and Accounting Department.
- Corporate Strategy and Planning Department.
- Internal Audit and Compliance Department.
- Investment Management Department.
- Capital Management Department.

Course Offerings:

By the end of this course, the participants will have able to:

- Master the core principles and governance framework of Asset and Liability Management.
- Analyze and measure interest rate risk using repricing gap, duration gap, and simulation models.
- Develop and implement robust liquidity risk management frameworks in line with regulatory expectations.
- Design and apply Funds Transfer Pricing (FTP) systems to accurately measure risk and profitability.
- Conduct effective stress testing and scenario analysis for the entire balance sheet.
- Understand the critical role and decision-making process of the Asset Liability Committee (ALCO).
- Evaluate and utilize financial derivatives for hedging interest rate and liquidity risks.
- Integrate ALM strategies with the overall business objectives and capital planning process.
- Prepare and interpret comprehensive ALM reports for senior management and regulatory bodies.

Course Methodology:

The training methodology at BIG BEN Training Center is designed to be highly interactive, practical, and engaging, ensuring that participants can immediately apply their learning in a professional context. This course moves beyond theoretical lectures to immerse attendees in real-world challenges through a blend of advanced learning techniques. A significant portion of the program is dedicated to hands-on exercises, financial modeling simulations, and the analysis of contemporary case studies from global financial institutions. These activities are designed to build practical skills in areas like duration analysis, liquidity stress testing, and FTP model construction. Collaborative group discussions and workshops are central to the learning experience, creating a dynamic environment where professionals can share insights and benchmark their practices against industry peers. Our expert instructors facilitate these sessions, providing personalized feedback and guiding participants through complex concepts to ensure a deep and lasting understanding of strategic ALM principles.

Course Agenda (Course Units):

Unit One: Foundations of Strategic Asset and Liability Management

- Introduction to Asset and Liability Management (ALM).
- The modern role and responsibilities of the Asset Liability Committee (ALCO).
- Analyzing the structure of a financial institution's balance sheet.
- Identifying the primary risks managed by ALM: interest rate, liquidity, and credit risk.
- An overview of the global regulatory landscape for ALM.
- The strategic importance of ALM in driving profitability and stability.
- Key performance indicators in ALM.

Unit Two: Mastering Interest Rate Risk (IRR) Measurement and Management

- Understanding the sources of interest rate risk.
- Measuring IRR using Repricing Gap Analysis (GAP).
- Advanced IRR measurement with Duration Gap Analysis.
- Calculating Economic Value of Equity (EVE) sensitivity.
- Modeling Earnings at Risk (EaR) for income simulation.
- Understanding and managing basis risk and optionality risk.
- Practical application of IRR measurement tools and techniques.

Unit three: Advanced Liquidity Risk Management and Funds Transfer Pricing (FTP)

- Developing a comprehensive liquidity risk management framework.
- Analysis of key regulatory ratios: Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).
- Techniques for measuring and managing funding concentrations.
- The principles and mechanics of Funds Transfer Pricing (FTP).
- Building an effective FTP curve and assigning charges and credits.
- Behavioral modeling of non-maturity deposits and loan prepayments.
- Developing and implementing a contingency funding plan (CFP).

Unit Four: Hedging Strategies, Capital Management, and Stress Testing

- Introduction to financial derivatives for ALM hedging.
- Using interest rate swaps, futures, and options to manage IRR.
- Principles of macro hedging for the overall balance sheet.
- The link between ALM and capital adequacy (Basel III/IV).
- Designing and executing an effective ALM stress testing program.
- Developing plausible and severe scenarios for stress tests.
- Integrating stress test results into strategic decision-making.

Unit Five: ALM Integration, Governance, and Strategic Reporting

- Integrating ALM with the institution's overall business strategy.
- Techniques for strategic balance sheet optimization.
- Establishing a robust ALM governance and policy framework.
- Best practices in ALM reporting for ALCO and the Board.
- The impact of IFRS 9 on asset and liability management.
- The future of ALM: technology, big data, and new challenges.
- Final course review and comprehensive case study workshop.

FAQ:

Qualifications required for registering to this course?

There are no requirements.

How long is each daily session, and what is the total number of training hours for the course?

This training course spans five days, with daily sessions ranging between 4 to 5 hours, including breaks and interactive activities, bringing the total duration to 20 - 25 training hours.

Something to think about:

In an era of unprecedented digital disruption and potential negative interest rates, how must the traditional ALM framework evolve to remain a tool for strategic advantage rather than just regulatory compliance?

What unique qualities does this course offer compared to other courses?

This course distinguishes itself by adopting a truly strategic perspective on Asset and Liability Management, moving far beyond the mechanical application of risk metrics. While other programs may focus solely on the calculations of EVE or LCR, this training emphasizes the critical link between ALM decisions and the overarching goals of the financial institution, such as profitability, market positioning, and shareholder value. It provides a holistic and integrated framework, demonstrating how interest rate risk, liquidity risk, and capital management are not separate silos but interconnected components of a single strategic function. The curriculum is built around practical application, using contemporary case studies that reflect the current complex market environment, including challenges like inflation and rapid policy changes. Participants will not just learn formulas; they will develop the advanced analytical judgment required to interpret results, challenge assumptions, and provide insightful recommendations to senior management. The focus is on cultivating leaders who can use the ALM function to navigate uncertainty and create a competitive advantage.