

Seminar on Basel II: Implementation Issues in Indian Banks

January 16 – 17, 2006
(Venue: Taj President, Mumbai)

Keynote Speakers

John Heinze

Federal Reserve Bank of New York, USA

James Kurt Dew

Griffith University, Australia

Coordinator

Ms Indrani Banerjee



**National Institute of Bank Management
India**

Seminar on Basel II: Implementation Issues in Indian Banks

The implementation of Basel II is one of the key issues facing banks and financial institutions today. Its three pillar approach focuses on a bank's own internal control and risk management processes and models, the supervisory review process of a bank's capital adequacy and internal assessment process, and effective use of market discipline as a lever to strengthen disclosure and encourage sound banking practices. While necessitating fundamental changes in the way banks identify, assess and manage the many risks they face, the New Accord also incentivizes banks to review their business strategies and underlying risks with a view to achieving efficiency of capital utilization. The challenge for banks is to migrate to Basel II in a non-disruptive manner by addressing the challenges in assessing and managing risks within an integrated risk management framework.

NIBM's objective in organizing the above Seminar is to facilitate debate in the banking community on the wide range of business implications and risk management challenges posed by Basel II, and to help evolve strategies for meeting the complex requirements of the Accord in the light of the experiences in India and abroad. Keynote addresses by speakers such as John Heinze of the Federal Reserve Bank of New York, James Kurt Dew of Griffith University, Australia who was earlier with the Federal Reserve Bank of San Francisco, Reserve Bank of India, practitioners, and academicians, will contribute to broadening of perspective. Since the New Accord is set to significantly alter the competitive landscape within banking, the Seminar will also deliberate upon the impact of Basel II on banking structure and competition. The Seminar is intended to facilitate sharing of experiences and to help banks adopt a more structured and systematic approach to implementing Basel II, thereby achieving the benefits of better risk and capital management in a stable financial environment.

Core Contents

The Seminar will focus on the following themes:

- ❑ **Impact of Basel II on Banking Structure & Competition**
 - Competitive equity of banks operating on Basel II:
 - Will Basel II mean material shift in the banking landscape?
 - Regulatory capital under Basel II and economic capital
 - Will proposed Basel II implementation encourage bank mergers?
- ❑ **Measurement & Management of Credit Risk under Basel II**
 - Modeling Credit Risk
 - Data /systems
 - Validation issues
 - Transition issues
 - Stability of default correlations
 - Pro-cyclicality and unresolved issues

- ❑ Measurement & Management of Operational Risk under Basel II
 - Development of loss data base
 - Nature of operational risk distribution
 - Approaches for risk quantification unlike credit or market risk
 - Modeling Operational Risk and challenges of combining loss data modeling with results from qualitative risk assessments
 - Greater role of Pillar II: Challenges for supervisors - different models by different banks; consistency of treatment across banking organizations
- ❑ Modeling & Managing Market Risk under Basel II
 - Guiding principles of Managing Market Risk in Banking and Trading Book
 - Risk Measurement tools and standards
 - Value-at-Risk (VAR) for Market Risk
 - Limit fixation based on VAR
 - Limitations and precautions in using VAR
 - Coherent measures to replace VAR
- ❑ Integrated Risk Management Framework & Basel II
 - Towards IRM framework: Core financial objective
Shareholder and Stakeholders' Wealth Maximization
 - Aligning Economic and Regulatory Capital
 - Combining disparate fat tailed loss distributions
 - Determining capital policy to maintain solvency
 - Efficient capital allocation for effective risk management
 - Coherent capital allocation to divisions, products
- ❑ Implementation of Basel II: Road Map & Strategic Options
 - Complexity of advanced approaches
 - Home-host issues in implementation of Basel II
 - Indian banking system's preparedness for Basel II
 - Technology platform
 - Transparency
 - Capacity building

Structure

- Keynote address by experts on Seminar themes
- Discussion by eminent panelists
- Participant presentations/discussions on various issues related to the themes covered in the paper presentations/panel discussion.

Target Group

EDs, Top Management, Heads of Risk Management Division and Senior Executives of banks concerned with strategic planning and implementation of Basel II.

Dates

January 16 – 17, 2006

The Seminar begins at 9.00 am on Monday, January 16 and will conclude by 5.00 pm on Tuesday, January 17, 2006.

Venue

Forum Capitol
First Floor
Taj President, Mumbai
90, Cuffe Parade
Mumbai 400 005
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Fees per Participant

US \$ 1,500 for Foreign participant
Rs. 20,000 for Indian participant

The Seminar is non-residential and the fees include the cost of tuition, course material, morning and evening tea/coffee, snacks and lunch on both the days. The fees may be remitted through demand draft made out in favour of 'National Institute of Bank Management' drawn on any bank and payable at Pune.

TDS Exemption

Kindly note that NIBM is exempted under Section 194 J of the Income Tax Act, 1961, and hence no tax is deductible at source from any payments made in its favour.

Nominations and Enquiries

Please address your enquiries and nominations alongwith the fees to :

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Last Date for Receiving Nominations

January 06, 2006