

**Online Programme on  
Stress Testing for  
Risk Management**

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**February 15 – 20, 2021  
(Online course duration 25 hours)**

***Coordinator***  
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Pune, India**

## Introduction

The traditional Pillar I capital charges, under the Basel Accords, measure unexpected losses under normal conditions. In contrast, stress tests are designed to capture extreme losses in volatile or chaotic financial markets. Recent crisis episodes show how liquidity crunch, credit migration and large MTM losses can occur together. Failure to anticipate such stress scenarios has brought down many reputed banks and financial institutions. As a result, Basel III standards mandate stress capital charges – Capital Conservation Buffer – under Pillar I. In addition, recent regulatory guidelines have been issued in many countries, including India, to improve stress testing practices under Pillar II.

A robust stress testing framework can help banks and financial institutions in many ways. First, the key risk drivers (e.g. PD, LGD, equity and interest rate shocks) can be identified. This will help banks detect portfolio weaknesses and take corrective measures. Secondly, the risk drivers may be calibrated to different degrees of stress. This will enable banks to build internal models for prediction of stressed losses and liquidity outflows. Thirdly, probabilistic stress tests can be conducted by combining forward-looking and historical shocks and using tools like Extreme Value Theory. This will allow banks to capture losses from Black Swan (i.e. unforeseen) events. Finally, stress tests can highlight risk concentration and interactions, in abnormal markets, which might otherwise be overlooked. As a result, banks and financial institutions will improve the management of stressed capital and liquidity buffers. This programme equips banks with the latest tools and concepts on stress testing for credit, market and operational risk.

## Outline

### 1. Introduction to Risk Management and Stress Testing

- Risk Management: Goals and Challenges
- Need for Stress Testing.
- Types of Stress Tests.
- Problems with Stress Testing

### 2. Stress Testing for Market Risk

- Scenario-based stress tests.
- Stress VaR models.
- Stress-testing for Regulatory Market Risk Capital.
- Market Liquidity Risk

### 3. Stress Testing for ALM

- NII and EVE Approaches.
- Impact of nonparallel yield curve shifts and embedded options on NII and EVE.
- Behavioural analysis: Stability of Non-Maturity Deposits.
- Liquidity at Risk and Liquidity VaR.

### 4. Stress Testing for Credit Risk

- Effect of Business Cycles on Rating Migrations and Default Probabilities (PD).
- Downturn Loss Given Default (LGD).
- Default Correlations: Impact on Credit Portfolio VaR and Tail Risk.
- Stress-testing for Regulatory Credit Risk Capital.

### 5. Stress testing for Operational Risk

- Loss Distribution Approach in AMA.
- Scenario Analysis and Extreme Value Theory.

### 6. Covid-19 Pandemic: Lessons for Stress Tests in the BFSI sector.

## Faculty

In addition to NIBM faculty, professionals and practitioners from leading banks and other institutions will participate as guest faculty.

## Training Methods

Discussion of concepts and techniques, lab exercises and sharing of experience.

## Who should Attend?

The programme is intended for middle and senior level executives of banks and financial institutions in ALM, Treasury, Risk Management and Balance Sheet Management departments, who are involved with implementation of stress testing models and planning for capital and liquidity.

## Modalities

This online course will have 25 hours of engagement time, which includes several self paced study and live interactions of participants. The courseware will include the following:

- I. Reading material for self-study, case study or exercise material and online references
- II. Video sessions comprising of:
  - i. Recorded video sessions on several topics.
  - ii. Live video sessions by faculty or guest lecturers, for discussions, clarification of doubt, etc.
- III. Self-assessment to track progress in the course will be provided.

Participants enrolled to the programme will be provided with login id and password to enter into the learning platform of the institute. Guidance will be provided for navigating through the various activities in the platform such as accessing courseware, viewing video sessions, participating in live sessions, taking quizzes, etc. The programme window will be open for maximum 6 days from date of commencement.

Schedule for live session will be provided at the start of the programme. Executives attending the programme would need internet access on a desktop or laptop with Google Chrome to enable access to live and recorded sessions.

## Completion Certificate

A completion certificate will be given to the participant at the end of the programme. Participant has to remain logged in for at least the total number of engagement hours within the duration of the program for being considered to have completed the same.

## Nominations and Enquiries

Nominations are invited from both Institutions and Individuals from India and Abroad. Executives working in banks/financial institutions/consulting firms/technology firms in the banking and financial services domain can apply for the programme.

Please address your enquiries and nominations to:

Prof Sanjay Basu  
Programme Coordinator  
National Institute of Bank Management  
NIBM Post Office, Kondhwe Khurd  
Pune 411 048, India

Tel. : 0091-20-26716000 (EPABX), 26716129 (Direct)  
Fax : 0091-20-26834478  
E-mail : [sbasu@nibmindia.org](mailto:sbasu@nibmindia.org)  
Website : [www.nibmindia.org](http://www.nibmindia.org)

**Last Date for Receiving Nominations: February 13, 2021**

## Programme Fee (per participant) for 25 hours programme

US \$ 1000 for foreign participant

	Fee	GST	Fee+GST	TDS
Member Banks :	21000	3780	24780	2100
Non-Member Banks :	24500	4410	28910	2450
Individual Nominee :	24500	4410	28910	----

The fee includes the cost of tuition, access to reading material and recorded videos, etc. (Central Goods and Services Tax (GST) @ 18%, and TDS @ 10%. Kindly send the TDS Certificate on priority to NIBM).

### Mode of Payment for Indian Participants

- The fee may preferably be transferred by RTGS/NEFT/ECS to our A/c No. 20002400021 with Bank of Maharashtra, NIBM Branch, Pune (IFSC Code MAHB0001124). NIBM PAN No. AAATN0040P and ST No. AAATN0040PST001.
- National Institute of Bank Management  
NIBM Post Office, Kondhwe Khurd, Pune 411 048, INDIA.

### Mode of Payment for Foreign Participants

#### Mode of Remittance: SWIFT\*

- Name & Address of our Bankers : Punjab National Bank  
C-2, Shop No. 4-5, Bramha Estate  
Kondhwe Khurd, Pune 411 048  
Maharashtra, India
- Name of the Beneficiary : National Institute of Bank Management
- NIBM's Bank Account No. with Punjab National Bank : 11281131004402
- Bank's Swift Code : PUNBINBDDIB
- Preferred Currency : USD
- Correspondent Bank of Punjab National Bank : WELLS FARGO BANK NA
- Punjab National Bank A/c No. with Correspondent Bank : 2000193007918
- Swift Code with Wells Fargo Bank : PNBPU3N3NYC
- IFSC : PUNB0108810

**\* The Foreign Bank Charges/ SWIFT charges/Commission is to be borne by the remitter. The fees mentioned in the invoice/brochure is to be paid to NIBM, net of all bank charges.**

**\*Payments will be accepted only through electronic mode.  
Cheques/DDs/Pay Orders will not be accepted.**

- **For all electronic remittances, kindly send a confirmatory e-mail at: [accounts@nibmindia.org](mailto:accounts@nibmindia.org) giving details of the remitter and participant, name and dates of programme, etc.**