Effectively manage the implementation of Basel III and IFSB standards

Basel III & IFSB Regulations for Islamic Financial Institutions

13 - 15 November, 2016
9:00am – 5:00pm, Dubai, UAE

The Basel banking regulations meet a critical need. They establish minimum standards of risk management by which banks should govern themselves in order to avert liquidity and solvency crises and continue as going concerns. They also seek to ensure that the financial system as a whole functions without severe disruption.

However, the Basel standards have evolved considerably since first being issued in the late 1980s. They now cater to a large number of complex financial institutions and instruments, as well to a global financial economy which is diverse and highly interconnected. As Basel standards have developed to try to keep track of changes in the financial sector, they have become voluminous and technically challenging to understand. The standards are also largely silent on matters of implementation.

For the Islamic finance industry, the Basel standards must be interpreted and applied in the context of Islamic banks and their operating models. Whilst there are some similarities between conventional institutions for which the Basel standards have been written, and Islamic banks, a significant number of profound differences exist. The Islamic Financial Services Board (IFSB) has therefore issued its own standards for the capital adequacy and sound risk management of Islamic financial institutions in order to bridge this gap. With Basel III and related IFSB implementation deadlines looming, Islamic banking practitioners are under significant pressure to comply with these standards and meet the requirements of their local regulators. One of the biggest challenges in this process is knowing and understanding the standards themselves.
COURSE OVERVIEW

This course provides a unique opportunity to know and understand Basel I, II, and III, as well as IFSB regulations in detail. The course provides an indispensable resource for Islamic bankers as well as the supervisors and regulators of Islamic banks, who need expert knowledge of Islamic banking regulation.

The course will also include a high level of interactive discussion, practical insights, and thorough instruction in banking regulations as they apply to Islamic banks, which can be used in practice to meet regulatory governance and reporting requirements.

HIGHLIGHTS

• Know and understand Basel I, II and III as they relate to Islamic banks
• Know and understand IFSB standards for Islamic banks
• Practical insights into implementation of the standards

WHO SHOULD ATTEND?

• Board members with risk responsibilities
• Chief risk officers, risk managers, risk analysts
• Compliance, legal and IT finance and risk management support personnel
• Central bank staff and supervisors
• Rating agency analysts

COURSE OUTLINE

Day 1: Basel and IFSB Overview

Introduction
• The role and purpose of regulation
• The difference between regulation and supervision
• Why the need for IFSB standards and how do they integrate with Basel?
• Which set of standards do Islamic banks have to comply with?
• What is the IFSB standard setting process and how should Islamic banks be involved?

Overview of the Basel Accords
• From Basel I to Basel III
  o How have the Basel standards evolved over time?
• What are the changes introduced by Basel III?
  o Capital quality
  o Capital buffers
  o Liquidity ratios
  o Leverage
• What is the impact of Basel III on Islamic banks?

Overview of the IFSB Standards
• What are the IFSB standards and which ones apply to Islamic banks?
• What are the main features of the IFSB standards and accompanying Guidance Notes for Islamic banks?

Group Discussion: Is there too much regulation and does this distract from the business of managing risk?

Day 2: IFSB Standards

IFSB standards for Islamic banks shall be examined in detail on Days 2 and 3 of the course.

Each standard will be reviewed, summarized and assessed in order for delegates to develop an in depth understanding of the principles, workings, and objectives of IFSB requirements. These cover capital adequacy, risk management, the regulatory and supervisory process, and governance. Delegates will also benefit from the opportunity to understand how these standards relate to the participant’s individual financial institution.

IFSB Standards on Capital Adequacy

IFSB-15: Revised Capital Adequacy Standard for Institutions Offering Islamic Financial Services
[Excluding Islamic Insurance Institutions and Islamic Collective Investment Schemes]
COURSE OUTLINE CONT'D..

Day 2: IFSB Standards

IFSB Standards on Risk Management
IFSB-13: Guiding Principles on Stress Testing for Institutions offering Islamic Financial Services

IFSB-12: Guiding Principles on Liquidity Risk Management for Institutions offering Islamic Financial Services

IFSB-1: Guiding Principles of Risk Management for Institutions (other than Insurance Institutions) offering only Islamic Financial Services (IFS)

IFSB Standards on Regulation and Supervision
IFSB-17: Core Principles for Islamic Finance Regulation

IFSB-16: Revised Guidance on Key Elements in the Supervisory Review Process of Institutions Offering Islamic Financial Services [Excluding Islamic Insurance Institutions and Islamic Collective Investment Schemes]

Day 3: IFSB Standards and Implementation

IFSB Standards on Governance
IFSB-10: Guiding Principles on Shariah Governance Systems for Institutions offering Islamic Financial Services

IFSB-9: Guiding Principles on Conduct of Business for Institutions offering Islamic Financial Services

IFSB-6: Guiding Principles on Governance for Islamic Collective Investment Schemes

IFSB-4: Disclosures to Promote Transparency and Market Discipline for Institutions offering Islamic Financial Services [Excluding Islamic Insurance Institutions and Islamic Mutual Funds]

IFSB-3: Guiding Principles on Corporate Governance for Institutions offering only Islamic Financial Services [Excluding Islamic Insurance Institutions and Islamic Mutual Funds]

IFSB implementation Deadlines

• What are the key deadlines you need to be familiar with?

Overcoming Implementation Issues and Challenges

• What are the implementation challenges?
• What are the key dependencies you need to build into an implementation plan for regulatory compliance?

Expected Revisions and Additional IFSB Regulations in the Future

• Which new standards is the IFSB planning and which existing standards does it intend to revise in the near future?

ABOUT THE SPEAKER

Dr Ken Baldwin
Former Director-Financial Policies & Planning, Islamic Development Bank

Dr. Ken Baldwin is Chief Executive Officer of Islamic Financial Modelling Limited, which provides advisory services in quantitative finance and risk management to the Islamic banking and finance industry. Ken has worked as a practitioner in banking and finance for over 25 years in senior quantitative finance and risk management positions. Having graduated from Oxford University with a first class honors degree in Physics, he qualified as a Chartered Accountant before joining UBS, and then later Credit Suisse, in derivatives risk and control functions based in London. He gained a PhD in the microeconomic theory of risk sharing in Islamic contracts, and worked in the GCC for 15 years in Islamic retail and Islamic investment banks. Dr. Baldwin built an ALM analytic technology platform for Abu Dhabi Islamic Bank, was MENA Regional Head of Quantitative Analysis for Citigroup, and has worked in quantitative risk management roles for both conventional and Islamic private equity and venture capital institutions. He most recently set up the Islamic Development Bank’s Financial Policies and Planning function, which provides risk and pricing analytic support at product and balance sheet levels. Dr. Baldwin has also published quantitative finance articles in peer-reviewed academic journals including the Journal of Risk and has taught CFA and FRM.
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BOOKING DETAILS

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<td>☐ 1 delegate</td>
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Early bird offer: Registrations received before 12th October, 2016 (or earlier) will receive a 2.5% discount. No discounts shall be given to registrations received after this cut-off.

DELEGATE DETAILS

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