

**November 20 – 22, 2019**

# **Workshop on Establishing a Comprehensive Risk Management Framework for NBFCs**



***Coordinators***

**Dr Arindam Bandyopadhyay**

**Dr Tasneem Chherawala**



**National Institute of Bank Management  
Pune, India**

# Workshop on Establishing a Comprehensive Risk Management Framework for NBFCs

NBFCs play an important role in the credit intermediation process in India. However, their credit portfolios are primarily exposed to risky, long term assets which are largely funded by short-term market borrowing and bank lending, creating huge ALM mismatches. This leads to higher cost of funds and greater vulnerabilities to market rates. The series of defaults on short-term borrowings by a major NBFC in August 2018 and the subsequent discovery of lax credit underwriting standards, have highlighted the importance of liquidity risk and credit risk faced by many other NBFCs and term lending institutions in India. Furthermore, unlike commercial banks, many NBFCs have started reporting their financials as per Ind AS. As such, their Expected Credit Loss (ECL) based provisions under Ind AS 109 are closely linked to the level and changes in credit risk in their loan portfolios.

In 2014, the Reserve Bank of India (RBI) had already tightened the minimum capital adequacy norms for the NBFC sector. More recently, as announced by the Honorable Governor Shri Shaktikanta Das at the NIBM Convocation (June 8, 2019), RBI has been proactively taking necessary regulatory and supervisory steps to ensure the financial resilience and robustness of the NBFC sector. On 16th May 2019, the RBI issued instructions for appointment of a Chief Risk Officer (CRO) for all NBFCs with asset size of INR 50 billion and above. The CRO would function independently to ensure the highest standards of risk management within the organization and would have a direct reporting line to the MD&CEO / Risk Management Committee of the Board. On 24th May 2019, the RBI published a draft circular on Liquidity Risk Management applicable to all NBFCs with asset size of INR 1 billion and above. It further proposes to introduce a liquidity coverage ratio (LCR) in a phased manner starting from April 2019 to March 2024 for the large NBFCs.

The implementation of an effective and efficient risk management system is essential for NBFCs to safeguard their financial resources, comply with the regulatory/supervisory requirements and retain the confidence of all their stakeholders. Pursuant to NIBM's mandate of providing best-in-class training to the Top Management of Banks and Financial Institutions, we have structured this Three Day Workshop for NBFCs, which will

facilitate the CROs and Senior Management to create the appropriate risk management framework in their respective organization and measure and manage their risks as per regulatory expectations.

## Topics of Discussions

- ⇒ Review of extant RBI Guidelines on Risk Management for NBFCs
- ⇒ Identification of Significant Risks in NBFC Business
- ⇒ Establishing an Appropriate Risk Governance Structure for Credit, Liquidity and Operational Risk Management and the Role of the CRO, Risk Committees and ALCO
- ⇒ Measurement and Management of Credit Risk and ECL Based Provisioning under Ind AS
  - Creation of an Independent Credit Risk Assessment and Monitoring Framework
  - Credit Rating and Scoring Models and Linkage to Probability of Default (PD)
  - Measuring Credit Exposures and Loss Given Default (LGD)
  - Portfolio Approach to Credit Risk
  - 12-Month and Lifetime ECL Concepts
  - Risk-Based Pricing
- ⇒ Measurement and Management of Liquidity Risk
  - RBI proposed guidelines on Liquidity Risk Management
  - LCR and HQLA, cost of liquidity and implications on stability and margins
  - Structural and Dynamic Liquidity Statements and Liquidity Stock Ratios
  - Contingency Funding Plan
- ⇒ Operational Risk Identification and Control
- ⇒ Defining the Organizational Risk Appetite and Setting Limits for Credit Risk, Liquidity Risk and Earnings Volatility

## Target Group

**Chief Risk Officers of NBFCs and Senior Management of Risk Management Departments of NBFCs and HFCs.**

## Dates

November 20 – 22, 2019

The Workshop will begin at 9.00 am on November 20 and will conclude by 5.00 pm on November 22, 2019.

## Venue

NIBM Campus, Kondhwe Khurd  
Pune, India.

## Accommodation

The workshop is fully residential. Participants will be provided well-furnished single room AC accommodation in the Institute's hostel complex on the campus. However, they will not be permitted to bring their family members to stay on the campus. In case any Officer/Executive with physical/medical disability is being nominated, kindly inform us in advance with particulars of disability to facilitate necessary arrangements.

The Institute has facilities for outdoor and indoor games and a large walking/jogging trail for physical fitness besides a yoga centre. Participants are therefore encouraged to bring appropriate clothes/gear.

## Workshop Coordinators

**Dr Arindam Bandyopadhyay**  
Associate Professor and  
Associate Dean (Consultancy)

**Dr Tasneem Chherawala**  
Assistant Professor

(Finance Area Group)

## Programme Fee (per participant)

US \$ 1200 for foreign participant

(See fee structure on home page of the website for incentive)

	Fee	GST	Fee+ GST	TDS
Member Banks	: 26400	4752	31152	2640
Non-Member Banks	: 31200	5616	36816	3120

The fee includes the cost of tuition, board and lodging facilities, teaching material, etc. (Goods and Services Tax (GST) @ 18%, and TDS @ 10%. Kindly send the TDS Certificate on priority to NIBM).

## Nominations and Enquiries

Please address your enquiries and nominations to:

**Dr Arindam Bandyopadhyay**  
**Dr Tasneem Chherawala**

Workshop Coordinators  
National Institute of Bank Management  
NIBM Post office, Kondhwe Khurd  
Pune 411 048, India

Tel : 0091-20-26716000 (EPABX)  
0091-20-26716311 (Direct)  
0091-20-26716124 (Direct)

Fax : 0091-20-26834478

E-mail : arindam@nibmindia.org  
tasneem@nibmindia.org

Web : www.nibmindia.org

**Last Date for  
Receiving Nominations:**

November 9, 2019

**Last Date for  
Availing Early Bird Incentive of 5%**

November 5, 2019

(See Fee Structure on home page of  
the website)

## 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 NIBM GSTIN No. 27AAATN0040P1ZJ.
- National Institute of Bank Management  
NIBM Post Office, Kondhwe Khurd, Pune 411 048, INDIA.

## Mode of Payment for Foreign Participants

### Mode of Remittance: SWIFT\*

1. Name & Address of our Bankers : Oriental Bank of Commerce  
C-2, Shop No. 4-5, Bramha Estate  
Kondhwe Khurd, Pune 411 048  
Maharashtra, India
2. Name of the Account : National Institute of Bank Management
3. NIBM's Bank Account No. with Oriental Bank of Commerce : Current A/C 11281131004402
4. Bank's Swift Code : ORBCINBBFCP
5. Oriental Bank of Commerce A/c No. with Correspondent Bank : 36152559
6. Preferred currency : USD
7. Correspondent Bank : CITIBANK N.A.
8. Swift code for Citi Bank : CITIUS33

**\* 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 giving details of the remitter participant, name and dates of programme, etc.

Please see programme fee structure on home page of the website for early bird incentive, incentives for SAARC and other developing countries, mode of remittance, Pune City route map and local conveyance.