Liquidity Coverage Ratio and Net Stable Funding Ratio Training Course

Professional Development Training Course Outline

Category	Risk Management	**Duration**	5 Days
Base Fee	$1,500 USD	**Delivery Mode**	Online / On-site Hybrid

Course Introduction

The Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are cornerstones of the Basel III framework, fundamentally reshaping global banking operations and risk management. The 2007-2009 Global Financial Crisis exposed critical vulnerabilities in banks' short-term liquidity resilience and their reliance on unstable, short-term wholesale funding. In response, the Basel Committee on Banking Supervision (BCBS) introduced the LCR to mandate a minimum stock of High-Quality Liquid Assets (HQLA) to cover net cash outflows over a 30-day stress scenario, ensuring short-term survival. Simultaneously, the NSFR was established to promote long-term funding stability by requiring banks to maintain an adequate amount of stable funding relative to their asset and off-balance sheet activities over a one-year horizon. Compliance with these mandatory regulatory standards is no longer a choice but a critical pillar of financial stability and regulatory compliance for internationally active banks.

Liquidity Coverage Ratio and Net Stable Funding Ratio Training Course provides a comprehensive, practical, and data-driven analysis of the LCR and NSFR. Participants will master the complex calculation methodologies, interpret the supervisory expectations, and understand the profound strategic and business impact of these ratios on a bank's balance sheet structure, profitability, and asset-liability management (ALM). Using real-world case studies and hands-on exercises, the course delves into the nuances of defining Available Stable Funding (ASF) and Required Stable Funding (RSF) for NSFR, and identifying eligible HQLA and calculating net cash outflows for LCR. By the end, attendees will possess the advanced regulatory knowledge and implementation expertise necessary to ensure robust compliance, optimize funding strategies, and effectively manage liquidity risk in a dynamic and highly regulated post-crisis financial environment.

Programme Curriculum

Liquidity Coverage Ratio and Net Stable Funding Ratio Training Course

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Course Duration

5 days

Course Objectives

1. Comprehend the foundational Basel III architecture for liquidity risk management.
2. Master the precise LCR calculation methodology and regulatory reporting requirements.
3. Identify and classify eligible High-Quality Liquid Assets (HQLA) under various stress assumptions.
4. Analyze the components of total net cash outflows and inflows for the 30-day stress scenario.
5. Master the precise NSFR calculation methodology and its one-year structural stability horizon.
6. Determine and quantify Available Stable Funding (ASF) components and stability factors.
7. Calculate and justify Required Stable Funding (RSF) based on asset liquidity characteristics.
8. Evaluate the strategic impact of LCR and NSFR on the balance sheet structure and funding strategy.
9. Integrate LCR/NSFR constraints into effective Funds Transfer Pricing (FTP) frameworks.
10. Implement best practices for data aggregation, governance, and regulatory technology for compliance.
11. Assess the interaction between LCR, NSFR, and internal Liquidity Stress Testing models.
12. Formulate a robust Contingency Funding Plan that aligns with regulatory expectations.
13. Anticipate future regulatory changes and global trends in financial regulation.

Target Audience

1. Chief Risk Officers (CROs) and Senior Management in Financial Institutions
2. Treasury and Asset-Liability Management (ALM) Professionals
3. Liquidity Risk Management and Stress Testing Specialists
4. Regulatory Reporting and Compliance Officers
5. Financial Regulators and Supervisory Body Staff
6. Internal and External Auditors specializing in prudential supervision

7. Financial Strategists and Corporate Planners
8. Credit and Equity Analysts focusing on banking sector stability

Course Modules

Module 1: Basel III Liquidity Framework and Fundamentals

- Post-Crisis Reforms.
- The BCBS's Principles for Sound Liquidity Risk Management.
- Distinction between Funding Liquidity Risk and Market Liquidity Risk.
- LCR (Short-term Resilience) and NSFR (Long-term Stability).
- Global and Jurisdictional differences in LCR/NSFR implementation
- Case Study: Lehman Brothers and the 2008 Crisis.

Module 2: The Liquidity Coverage Ratio (LCR) Deep Dive

- Defining the LCR
- Detailed classification and haircut application for High-Quality Liquid Assets.
- Calculation of Total Net Cash Outflows over the 30-day stress scenario.
- Run-off rates for retail, wholesale, and operational deposits.
- Inflows calculation and the 75% cap rule.
- Case Study: HQLA Portfolio Management.

Module 3: LCR Outflows and Inflows: Granular Analysis

- Wholesale funding
- Off-Balance Sheet (OBS) Exposure.
- Inflows from loans, receivables, and securities with contractual maturity within 30 days.
- Impact of intra-group transactions and liquidity transferability constraints.
- Specific treatment of derivatives, margin requirements, and collateral exchanges.
- Case Study: Derivatives and Collateral Impact.

Module 4: The Net Stable Funding Ratio (NSFR) Deep Dive

- Defining the NSFR
- Available Stable Funding (ASF).
- Required Stable Funding (RSF).
- Maturity buckets and the one-year structural funding horizon.
- The core goal of NSFR.
- Case Study: Optimizing the Funding Mix.

Module 5: NSFR Available Stable Funding (ASF) Calculation

- Detailed analysis of regulatory capital and its 100% ASF factor.
- Classification and stability-weighting of retail and corporate deposits.
- Treatment of wholesale funding.
- Calculating the aggregate ASF amount and its impact on funding costs.
- Special treatment for inter-dependent assets and liabilities
- Case Study: Deposit Stability Analysis.

Module 6: NSFR Required Stable Funding (RSF) Calculation

- RSF factors for different asset classes.
- Impact of residual maturity on RSF requirements for various asset portfolios.
- Off-Balance Sheet (OBS) items and their required stable funding factors.
- The relationship between asset encumbrance and the RSF denominator.
- Impact of NSFR on mortgage and long-term lending business models.
- Case Study: Balance Sheet Re-engineering.

Module 7: Strategic Implications and Business Integration

- Integrating LCR and NSFR into Funds Transfer Pricing for accurate product pricing.
- Capital planning, business model changes, and the profitability trade-off.
- IT System requirements, Data Governance, and RegTech solutions for reporting.
- Interplay with internal Liquidity Risk Appetite and tolerance limits.
- Audit, validation, and supervisory review processes for both ratios.
- Case Study: FTP and Product Profitability.

Module 8: Advanced Liquidity Risk Management and Compliance

- Integrating LCR/NSFR into the Internal Liquidity Adequacy Assessment Process.
- Developing and maintaining a robust Contingency Funding Plan (CFP).
- Intra-day liquidity monitoring and management tools.
- Forward-looking Regulatory Interpretation of BCBS updates and national discretions.
- Digital currency, Fintech, and their impact on bank liquidity and funding.
- Case Study: CFP Activation Scenario.

Training Methodology

This course employs a participatory and hands-on approach to ensure practical learning, including:

- Interactive lectures and presentations.
- Group discussions and brainstorming sessions.
- Hands-on exercises using real-world datasets.
- Role-playing and scenario-based simulations.
- Analysis of case studies to bridge theory and practice.
- Peer-to-peer learning and networking.
- Expert-led Q&A sessions.
- Continuous feedback and personalized guidance.

Register as a group from 3 participants for a Discount

Send us an email: info@fineskilltrainingcenter.org or call +254769199797

Certification

Upon successful completion of this training, participants will be issued with a globally- recognized certificate.

Tailor-Made Course

We also offer tailor-made courses based on your needs.

Key Notes

a. The participant must be conversant with English.

b. Upon completion of training the participant will be issued with an Authorized Training Certificate

c. Course duration is flexible and the contents can be modified to fit any number of days.

d. The course fee includes facilitation training materials, 2 coffee breaks, buffet lunch and A Certificate upon successful completion of Training.

e. One-year post-training support Consultation and Coaching provided after the course.

f. Payment should be done at least a week before commence of the training, to Fineskill Training Center account, as indicated in the invoice so as to enable us prepare better for you.

Upcoming Scheduled Sessions

Start Date	End Date	Location	Price
23 Nov 2026	27 Nov 2026	Online	$1,000
23 Nov 2026	27 Nov 2026	Physical	$1,500
23 Nov 2026	27 Nov 2026	Physical	$3,000
23 Nov 2026	27 Nov 2026	Physical	$3,000
23 Nov 2026	27 Nov 2026	Physical	$6,000
23 Nov 2026	27 Nov 2026	Physical	$4,500
23 Nov 2026	27 Nov 2026	Physical	$6,000
23 Nov 2026	27 Nov 2026	Physical	$6,000

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