

Organised by:

General Council for Islamic
Banks and Financial Institutions



المجلس العام للبنوك
والمؤسسات المالية الإسلامية

CIBAFI

15th ANNIVERSARY 2001 - 2016

Hosted by:



Technical Workshop on Stress Testing for Islamic Financial Institutions (IFIs) 8 - 10 January 2018 | Khartoum, Sudan





About CIBAFI

General Council for Islamic Banks and Financial Institutions (CIBAFI) is a non-profit institution that constitutes the official umbrella for Islamic financial institutions in the world. It was founded by the Islamic Development Bank (IDB) and a number of leading Islamic financial institutions. It is considered as one of the International Islamic Infrastructure Institutions. It was established on 16th May 2001 in the Kingdom of Bahrain.

Today, CIBAFI with over 120 members from 32 jurisdictions, is recognized as a key piece in the international architecture of the Islamic finance industry. In its mission to support Islamic financial services industry (IFSI) by being the leading industry voice advocating regulatory, financial and economic policies that are in the broad interest of our members and that foster the development of the Islamic Financial Services Industry and sound industry practice, CIBAFI is guided by its Strategic Objectives, which are 1) Policy, Regulatory Advocacy, 2) Research and Publications, 3) Awareness and information sharing and 4) Professional Development.

About Central Bank of Sudan

The bank was formed in 1960, four years after Sudan's independence in the capital of Sudan - Khartoum.

When Sudan achieved independence in 1956, the creation of a central bank was a priority. A 3-man commission of experts from the United States's Federal Reserve, worked with Sudanese government and finance specialists to create the Law of the Bank of Sudan for 1959, and in 1960 the Bank of Sudan began operations. To establish the bank, the Sudanese government nationalized the National Bank of Egypt's operations in the Sudan (some seven branches), and combined them with the Sudanese currency board.

In addition to the normal duties of a central bank, which may include minting coins and issuing banknotes, managing a country's internal and external accounting, and setting monetary policy and interest rates, Sudan's central bank is also responsible for fostering Islamic banking.

After Sudan introduced Islamic law (Sharia) in 1984, the banking and financial industry changed its practices to conform with Sharia. In 1993 the government established the Sharia High Supervisory Board (SHSB) to ensure compatibility of financial practices with Islamic principles. In compliance with the SHSB, the government is no longer selling treasury bills and government bonds; instead, the Bank sells "Financial Certificates" that comply with Islamic financial principles.

About the Technical Workshop

Stress Testing programmes should be adequate to the rapidly changing macroeconomic circumstances as well as bank unique vulnerabilities; they should alert banks to adverse unexpected outcomes related to a variety of risks and provide an indication of how much capital might be needed to absorb losses should large shocks occur.

A thorough and comprehensive internal capital mechanism is a vital component of a strong risk management programme. This mechanism should produce a level of capital adequate to support the nature and level of the bank's risk profile, and it is the role of the supervisor to evaluate the sufficiency of the bank's internal assessment and the adequacy of Stress Testing practices used by banks to estimate stress losses.

This Technical Workshop will examine different techniques of stress testing and the crucial role of stress testing in capital planning and capital management as well as the role of the regulatory authorities in managing industry-wide stress testing.

Technical Workshop Objectives

On completion of this workshop, participants will be able to:

- Identify the types of stress tests at the portfolio level and how they are applied in practice
- Define the function and features of macro or aggregate stress tests
- Identify banks' responsibilities for internal capital planning processes
- Determine the level of capital that is commensurate with the overall risk profile



Day 1: 8th January 2018

9:00 – 9:30	Opening Session <ul style="list-style-type: none">• Welcoming remarks by CIBAFI• Opening remarks by the Central Bank of Sudan
9:30 - 11:00	Session 1 Introduction to Stress Testing for Banks and Basel Guidelines <ul style="list-style-type: none">• The main concept of banking stress testing• Purpose and objectives of conducting the stress testing• Industry application• Main guidelines underpinning sound stress tests
11:00 - 11:30	Coffee break
11:30 - 13:00	Session 2 The New Concepts of Capital under Basel III <ul style="list-style-type: none">• The Capital Conservation Buffer• The Countercyclical Capital Buffer• Interaction of the buffers with Pillar 1 & Pillar 2
13:00 - 14:00	Lunch
14:00 - 16:00	Session 3 How Banks Implement the Testing <ul style="list-style-type: none">• Designing the internal scenarios• Interpreting the regulator’s scenario Main Stress Testing Techniques <ul style="list-style-type: none">• Sensitivity Tests• Scenario Analysis• Reverse Stress Testing

Day 2: 9th January 2018

9:00 - 10:30	Session 4 Credit Stress Tests <ul style="list-style-type: none">• Use of Transition Matrix for Corporate Loans• Sensitivity to Market Risk• Stress Testing the Capital Levels• Liquidity Stress Test• Use of Different Levels of Shocks
10:30 - 11:00	Experience Sharing session
11:00 - 11:30	Coffee break
11:30 - 12:30	Session 5 Liquidity Stress Tests <ul style="list-style-type: none">• Liquidity stress test concept• Methodologies and use of different levels of shocks• Testing challenges
12:30 - 13:00	Experience Sharing session
13:00 - 14:00	Lunch
14:00 – 16:00	Session 6 Other Aspects of Stress Testing <ul style="list-style-type: none">• Offsets, Hedges and Mitigants• Guarantees – are they worth the money?• Wholesale vs. Retail Funding• Third Party Due Diligence

Day 3: 10th January 2018

9:00 - 10:30	Session 7 IFSB Guideline on Stress Testing (IFSB 13) Guideline Principal on Stress Testing for Islamic Banks <ul style="list-style-type: none">• Risk factors – identification of risk parameters• Data requirements• Scenario type and scenario stress• Frequency• Methodology – sensitivity or scenario test analysis, deterministic or stochastic models• Output and remedial actions
10:30 - 11:00	Experience Sharing session
11:00 - 11:30	Coffee break
11:30 - 12:30	Session 8 IFSB Guideline on Stress Testing (IFSB 13) Guideline Principal on Stress Testing for Regulatory Authorities <ul style="list-style-type: none">• Guideline principal on stress testing for Regulatory Authorities• How to achieve more focused tests for better supervision and management
12:30 - 13:00	Experience Sharing session
13:00 - 14:00	Lunch
14:00 - 16:00	Session 9 Industry Experience Sharing – Regulatory Initiatives <ul style="list-style-type: none">• Pakistan guidelines and application of stress testing• Malaysian guidelines and application of stress testing• Stress testing in the banking industry in Hong Kong

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Registration Form

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Programme Details

CIBAFI Members are entitled for two (2) complimentary seats per member institution
CIBAFI Non-members participation fee is 450 USD

Please send the completed form to CIBAFI Secretariat
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