



For A Better Banking Sector

**PT BETTER BANKINGS
INDONESIA**

www.betterbankings.com



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*A **Specialised Banking Sector** Data, Research And Consulting Firm, Currently With Focus On Designing, Implementing, And Enhancing Internal Liquidity Adequacy Assessment Processes (**ILAAP**) For Banks In Indonesia.*

Our Consultants Bring:

- 1. Hands-On**, *Real Submission Experience Developing ILAAP Documents*
- 2. Deep Expertise** *In Data Analytics, Modelling, Reporting Engines, And ALM/Treasury Software*
- 3. A Long-Standing Track Record** *Advising Banks In Balance Sheet Management Across Asia Pacific.*
- 4. Unmatched Understanding** *Of The Indonesian Banking Sector, OJK Regulations, And Common Industry Practices.*

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ILAAP CONSULTING SERVICES

We provide practical ILAAP solutions to help you achieve liquidity risk management excellence and comply with the

OJK ILAAP deadline

Why Clients Choose Us

1. Hands-On ILAAP Delivery

We have **directly built ILAAP** frameworks, documentation, stress models, and governance structures used in real submissions particularly in Europe.

We understand:

1. Supervisor expectations for depth of analysis
2. SREP review logic
3. Governance and validation requirements
4. How to write ILAAP documents that withstand scrutiny

This enables us to create solutions grounded in what regulators actually look for.

2. Advanced Analytics & ALM System Proficiency

We support:

1. Liquidity cashflow models
2. Stability and runoff modelling
3. Stress testing engines
4. Data pipelines and reporting automation
5. ALM, balance sheet and regulatory reporting platforms

We bridge the worlds of Risk, Treasury, Finance, and IT - letting models and reporting work **seamlessly**.

Why Clients Choose Us

3. Balance Sheet & Management Expertise Across Asia Pacific

We bring **real-world experience** advising banks from Asia Pacific Countries.

Our advisory scope spans:

1. Liquidity risk management framework
2. Funding and capital planning
3. Funds transfer pricing (FTP) and deposit modelling
4. Stress testing and balance sheet optimisation

We tailor global best practices to regional realities and regulatory differences.

4. Deep Expertise in Indonesian Regulations & Banking Sector

Betterbankings knows Indonesian financial risk **regulations** intimately, notably:

1. LCR and NSFR regulations
2. ILAAP expectations of OJK, all components including FTP
3. Interest Rate Risk in the Banking Book (IRRBB)
4. Trading Book capital regulation (FRTB SA)
5. • Counterparty Credit Risk (SA-CCR)
6. Bottom-Up ST designs and enhancements (both for liquidity and capital)
7. Recovery Plan
8. New ICAAP

This allows us to deliver solutions aligned to both **global standards** and **local supervisory** expectations.

Our Service Offering Overview

- ILAAP Framework Design & Enhancement
- Policies, governance, risk appetite, processes, methodologies.
- Liquidity Stress Testing & Scenario Design
- Survival horizon modelling, counterbalancing capacity (CBC), stress calibration
- Liquidity Modelling & Data Architecture
- Cashflow engines, behavioural models, reporting automation
- Funds Transfer Pricing (FTP)
- Liquidity premiums, behavioural tenors, stress-adjusted FTP
- ILAAP report drafting, Board materials, evidence packs, supervisory responses
- Treasury & Balance Sheet Advisory
- Funding strategy, liquidity optimisation, intraday liquidity, balance sheet planning

Value In Key ILAAP Components

1. Liquidity Stress Testing Excellence

A robust ILAAP requires sophisticated, credible stress-testing models. We build **stress frameworks** that integrate with your risk appetite, FTP, and balance sheet planning.

What We Provide within the ILAAP engagement

1. Scenario Framework

- a. Market-wide, idiosyncratic, combined, and reverse stress tests
- b. FX-specific scenarios incorporating e.g. USD funding pressures
- c. Rating downgrade and wholesale funding freeze simulations

2. Cashflow Modelling

- a. Granular cashflow projections with contractual and behavioural assumptions
- b. Incorporation of deposit run-off, early withdrawal, and intraday flows
- c. Off-balance exposures: committed credit lines, liquidity facilities, trade finance

3. Counterbalancing Capacity (CBC)

- a. HQLA monetisation timelines
- b. Market liquidity constraints and haircut dynamics
- c. FX liquidity and cross-currency swap access under stress

The models and frameworks are designed to pass OJK scrutiny and to become a core to the bank's liquidity management.

Value In Key ILAAP Components

2. Risk Appetite Setting (Liquidity & Funding)

A strong ILAAP needs a **clear Liquidity Risk Appetite Framework** (LRAF). We help banks set risk appetite that is measurable, monitorable, and tied directly into stress testing.

What We Provide within the ILAAP engagement

1. Risk Appetite Statements (RAS) anchored in business model and regulator expectation; integrated risk appetite with Treasury stress testing and FTP

2. Quantitative metrics, including:

- a. Survival horizon and stress survival
- b. Minimum stress LCR/NSFR
- c. Funding concentration and wholesale reliance
- d. Encumbrance limits
- e. FX liquidity thresholds

3. Cascaded limits to Treasury and business units, e.g. funding concentration, US dollar swap-dependency limits and term-structure limits

This allowed ALCO to take more granular, risk-informed funding decisions.

Value In Key ILAAP Components

3. Funds Transfer Pricing (FTP) Frameworks Aligned With Liquidity Risk

We design FTP frameworks that reflect **true liquidity cost, behavioural maturities, and stress impact**—an essential part of a credible ILAAP.

What We Provide within the ILAAP engagement

1. Construction of Liquidity Premium Curves using market curves and internal funding mix
2. Behavioural Modelling of deposit maturities and prepayments
3. Stress-Adjusted FTP Add-ons tied to stress testing outputs
4. FX and Swap-Dependent FTP Charges reflecting Indonesia's funding structure
5. Full Integration With Pricing & Profitability Systems (as applicable)

This improved risk-adjusted profitability and brought pricing in line with ILAAP requirements.

Value In Key ILAAP Components

4. Full ILAAP Compliance & Documentation Support

We build **complete, regulator-ready ILAAP frameworks** and reporting and help banks defend them before supervisors (as needed)

What We Provide

1. Comprehensive ILAAP documentation (methodology, governance, scenarios, assumptions)
2. Rationales and data logics to complete ILAAP templates including “Funding Rollover” and “Survival Period Monitoring (SPM)”
3. Consistency checks with ICAAP, Recovery Plan, and Contingency Funding Plan
4. Validation frameworks for assumptions, models, and metrics
5. Preparation for OJK deep dives
6. Board-level training and ALCO workshops

Our approach would allow a credible ILAAP narrative, clarify the link between liquidity risk appetite, stress results, and funding strategy supported by structured evidence packs for supervisors.

Your Benefit

-  Supervisor-ready ILAAP aligned with global best practice and local regulation
-  Robust stress testing that drives real decisions
-  Clear, consistent risk appetite and governance
-  FTP aligned to liquidity cost, business incentives, and ILAAP requirements
-  A trusted partner with unmatched Indonesian market and regulatory insight



For A Better Banking Sector

Contact us to learn more about our service packages, which include ILAAP training workshops and end-to-end advisory support



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