

## **A Data Mining Approach for Analysing and Predicting the Bank's Asset Liability Management Based on Basel III Norms**

**Authors :** Nidhin Dani Abraham, T. K. Sri Shilpa

**Abstract :** Asset liability management is an important aspect in banking business. Moreover, the today's banking is based on BASEL III which strictly regulates on the counterparty default. This paper focuses on prediction and analysis of counter party default risk, which is a type of risk occurs when the customers fail to repay the amount back to the lender (bank or any financial institutions). This paper proposes an approach to reduce the counterparty risk occurring in the financial institutions using an appropriate data mining technique and thus predicts the occurrence of NPA. It also helps in asset building and restructuring quality. Liability management is very important to carry out banking business. To know and analyze the depth of liability of bank, a suitable technique is required. For that a data mining technique is being used to predict the dormant behaviour of various deposit bank customers. Various models are implemented and the results are analyzed of saving bank deposit customers. All these data are cleaned using data cleansing approach from the bank data warehouse.

**Keywords :** data mining, asset liability management, BASEL III, banking

**Conference Title :** ICFBI 2014 : International Conference on Finance, Banking and Insurance

**Conference Location :** New York, United States

**Conference Dates :** June 05-06, 2014