

Event summary: Practical liquidity Risk Management local knowledge global solutions

This document summarises the FRSGlobal webinar that took place on the 17th June 2010

Overview

On the 17th June 2010, FRSGlobal presented an hour-long webinar entitled **“Practical liquidity risk management”**.



The webinar was divided up into 2 parts with Mike Henroid, Regional Solutions Manager, FRSGlobal presenting first on:

1. A complete liquidity risk management practice appropriate for the current regulatory landscape and emerging best practices from the BCBS.
2. It then focussed on the modelling and reporting recommended for decision-based support of a bank's market liquidity risk and funding liquidity risk, looking at both the stock and flow approaches to balance sheet measurement and management.
3. Finally, the webinar discussed a detailed approach to liquidity risk models and reporting, including the following points:
 - a. Liquidity ratios
 - b. Cash flow gap reports
 - c. Funding
 - d. Concentration reports
 - e. Stress tests, and
 - f. Contingency funding plans



This was followed by Selwyn Blair-Ford, Head of Global Regulatory Policy who covered:

1. The UK experience of implementing a post crisis liquidity regime
2. Rule waivers and the resulting increasing in reporting complexity
3. Reporting requirements both to the regulator and internal management reporting
4. Differing strategies employed by firms to arrive at an adequate liquidity management process

This part looked at the **lessons learnt from implementing liquidity solutions in banks and other institutions particularly in the UK**, where many of the new standards will be live in June of this year. FRSGlobal shared some of the practical problems firms encountered and gave an “on the ground view” of what the implementation and transformation process looked like.

There were a variety of approaches used to tackle the challenges brought about by the new liquidity regime which this webinar explored to give the audience an insight into which were the most successful and why.

FRSGlobal Webinar Programme

Annual programme: six series

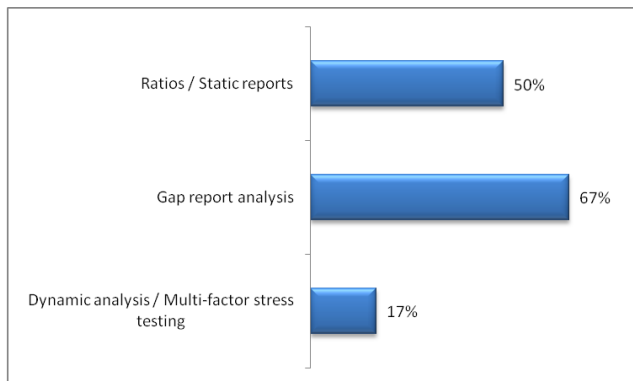
1. Regulations around the world
2. Hot topics
 - "Dynamic ALM Stress Testing Templates for Increased Profitability Forecasting" – 16th March
 - "The world beyond VaR?" – 20th April
 - "FRSGlobal RiskPro ALM Stress Testing Demonstration" – 27th May
 - **Practical liquidity risk management - Today**
3. Unifying risk management and regulatory reporting
4. Business information for reporting frameworks
5. International regulatory reporting
6. Compelling risk and regulatory events

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Poll results

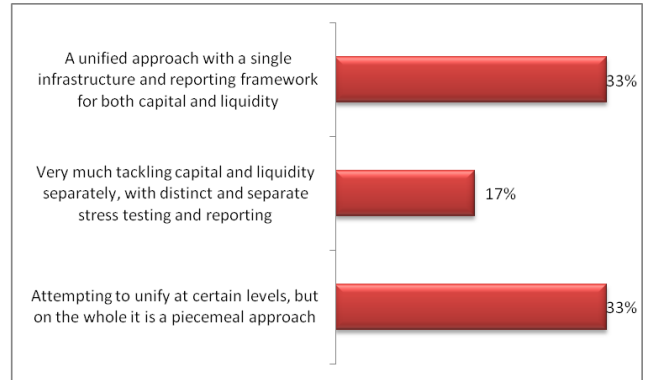
During the webinar, attendees were invited to take part in a real-time, on-line survey to answer questions relating to topics which are directly impacted by the forthcoming regulatory requirements.

1. Which is the best description of your institutions Liquidity risk management process:



Risk Management continues its focus and concentration on static gap analysis as the key management and regulatory approach to liquidity management in Asia. The market is lagging behind best practice in incorporating dynamic analysis into its liquidity management practice.

2. Stress testing is a key feature of both liquidity and capital management and reporting. Have/are the financial firms you are familiar with taken/taking...



Conclusions we can draw from these result are that the majority of firms recognise the similarity and benefits of unifying both the capital and liquidity stress testing processes. However, without a unified platform, FRSGlobals experience indicates that this may not be achievable.

Questions & answers

In order to make this webinar as interactive as possible we encouraged participants to submit question before and during the webinar. Here is a summary of the answers, however, be sure to listen to the recording to get the remainder of the discussion.

Question: "What measures and information are most commonly reported for liquidity stress tests?"

Answer: Static ratios of the current balance sheet, funding concentration and liquidity reserve; static liquidity gap reports parsed by inflow/outflow on a discrete and cumulative basis; dynamic stress tests showing the cash-flow survival horizon for bank-specific and system crisis scenarios, and the effectiveness of contingency funding plans to ameliorate the liquidity position under these crisis scenarios.

Question: "Given FRSGlobal's experience what is the one piece of advice you would give to firms who are just considering implementing a strong liquidity solution?"

Answer: Start early, and think strategically about your solution. Liquidity includes a change of role for many. Ensure they are prepared for their new role. Ensure your solution is able to handle daily liquidity reporting for the

whole firm and remember that liquidity is not the only regulatory change on the horizon so make sure your solution is able to cope adequately with other future developments.

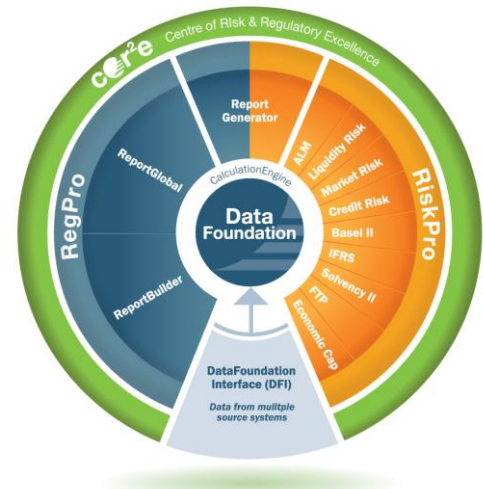
Attendees receive all supporting reference material which in this event includes:

1. *The PowerPoint presentation*
2. *A recording of this presentation*

FRSGlobal Solution

The FRSGlobal solution provides:

- A single repository of validated data originating from a plethora of source systems - **DataFoundation**
- Easy-to-use software that automates the generation of risk and regulatory reports - **ReportGenerator**
- Fully defined regulatory reports for 40+ countries - **ReportGlobal** - with the FRSGlobal guarantee to keep them in line with regulators' requirements (which, in the current climate significantly reduces the regulatory burden on financial institutions)
- The ability to define new country or internal management-style reports - **ReportBuilder**
- The required electronic dispatch formats defined by regulators
- A secure library of submitted regulatory reports and the ability for audit, with full drill-down/up functionality for quick investigation into how the figures were derived



FRSGlobal risk and regulatory reporting

Single- or multi-country, risk and/or regulatory, branch or head office - FRSGlobal provides proven risk and regulatory compliance solutions to meet the financial market's current and future demands - which are becoming more time-consuming and complex, in order to maintain market stability.

FRSGlobal is the only supplier of risk management and regulatory compliance solutions that meet the demands of both financial institution stakeholders and regulators with internal and external reporting needs.

FRSGlobal is the system of choice for more than 1500 organisations - including 41 of the top 50 global financial institutions - to manage their risk management and regulatory compliance requirements. Many benefit from our unique FRSGlobal Guarantee to keep the regulatory reports in 40+ countries up-to-date. This service is enabled by the team of experts from the global FRSGlobal Centre of Risk and Regulatory Excellence (CoR²E) who maintain regular contact with the regulators.

More details are available on request at info@frsglobal.com.

FRSGlobal's CoR²E community

Members of FRSGlobal's CoR²E community, and attendees of this webinar, will receive a notification of the next webinar date via email.

Register to join the [CoR²E Community online](#) to receive regular updates on the regulatory changes that affect the regulatory reporting requirements of more than 100 countries in the Americas, EMEA and APJ.

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FRSGlobal is the only supplier of a unified risk and regulatory platform that provides firms with an enterprise-wide risk profitability analysis and global regulatory reporting solution sharing a common DataFoundation and CalculationEngine to satisfy both internal and external stakeholders.

We provide over 1500 financial organisations – including 41 of the top 50 banking institutions.

FRSGlobal customers receive software and rich regulatory content for 40+ countries that is fully supported by the FRSGlobal Guarantee, which ensures that the reports under subscription are kept fully up-to-date with regulators' requirements.

FRSGlobal Centre of Risk & Regulatory Excellence (CoR²E) monitors the changes that affect risk and reporting requirements in more than 100 countries.

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