



Getting ready for the BCBS Intraday Liquidity Monitoring tools

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Intraday liquidity monitoring tools

The Basel Committee on Banking Supervision

Monitoring Tools	Detailed set of 7 monitoring tools
Stress Scenarios	Consider the impact on intraday liquidity under 4 stress scenarios: own, counterparty, customer and market stress
Scope of Application	Specification to report by systems, counterparties, currencies and level of aggregation depending on organisation structure
Reporting Regime	Lays out the responsibilities of home and host supervisors. The reporting will commence on a monthly basis as of 1 January 2015

Intraday liquidity regulation

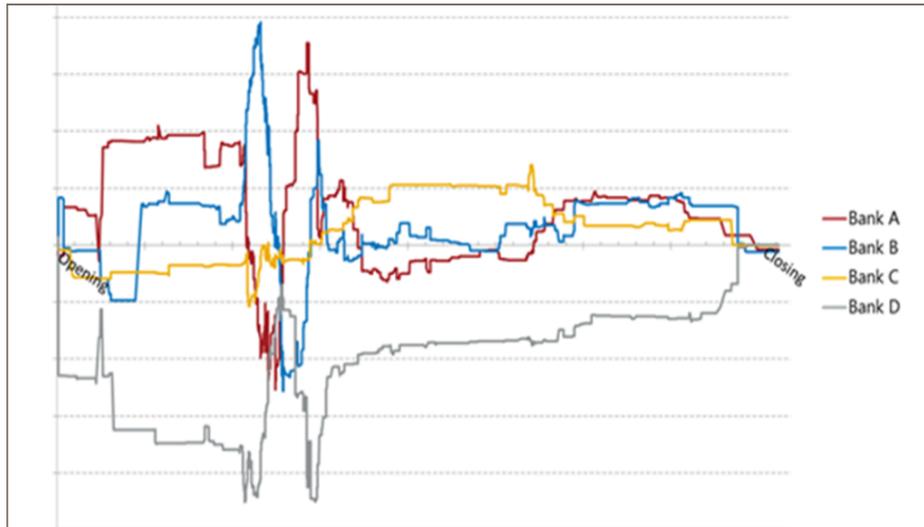
Existing regulations

- UK
- The Netherlands
- Australia
- China
- ...

Official communication on the BCBS tools

- Canada
- Singapore
- Hong Kong
- ...

Growing importance of intraday liquidity



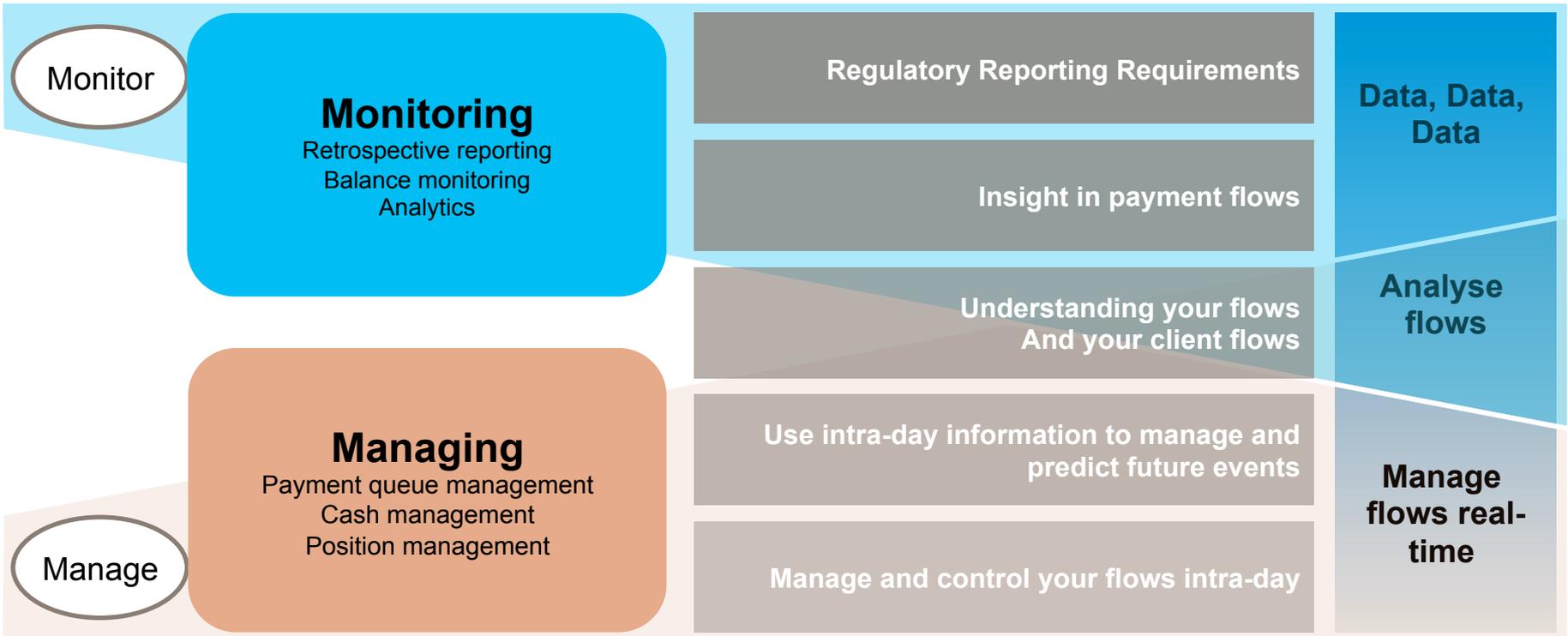
Source: Sveriges Riksbank Presentation from Sveriges Riksbank – IPS conference, London, March 2011

- **Increasing value of real-time payments**
Average daily value processed by CHAPS in April: = £280 billion = 93% of total clearing sterling value

CHAPS turns over the annual UK GDP every 5 working days.
- **Interdependence between payments systems and settlement systems**
- **Concentration** -> counterparties risk
- **Liquidity buffer** -> credit lines usage
- **Financial costs** -> funding, trading capability, exceptions management

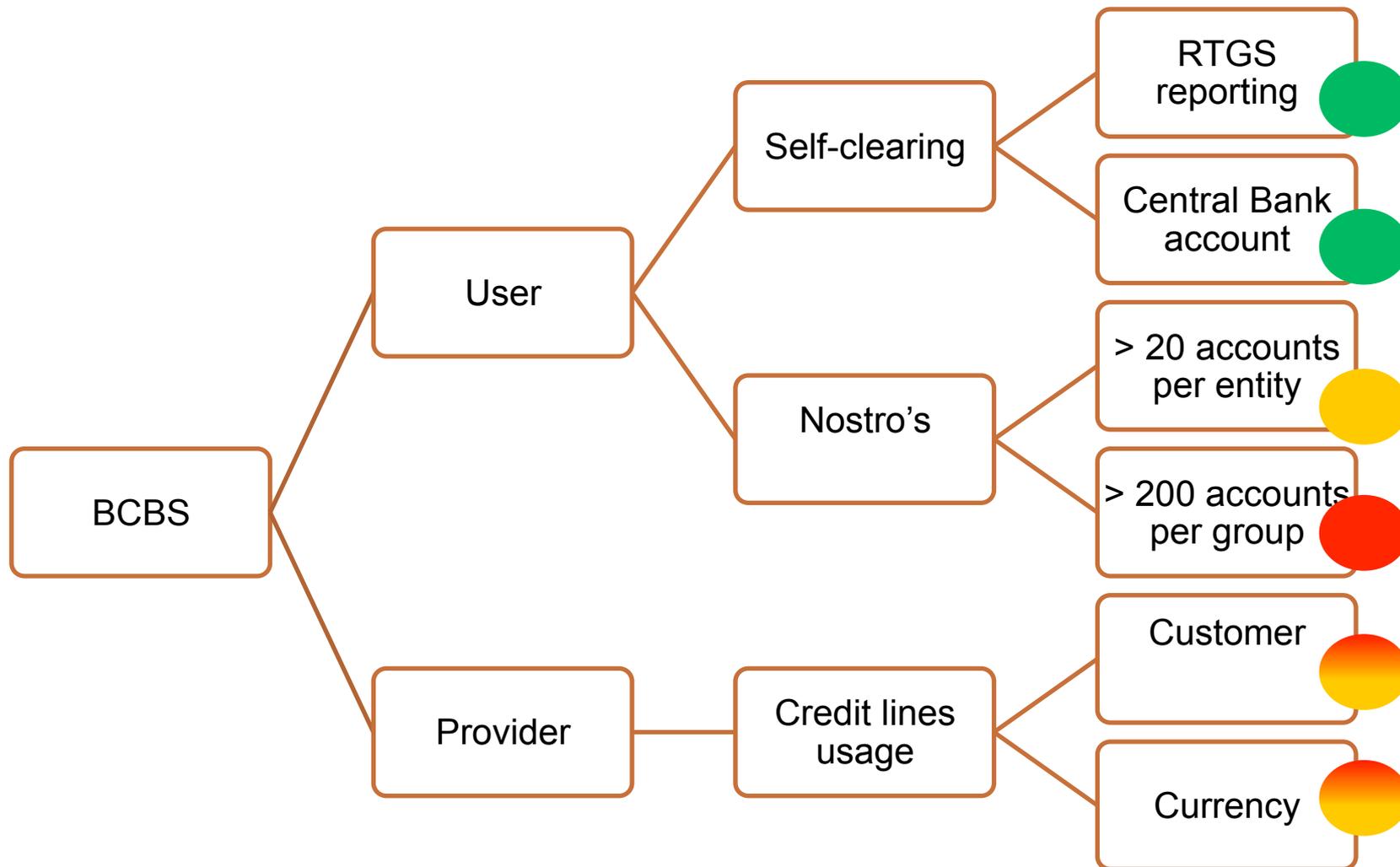
Data issues are experienced at 2 levels

Monitoring vs. managing liquidity



The data management issues

Time data, centralization, aggregation



Managing uncertainties

Internationally
active
banks?

5%
threshold?

Global
vs.
Local?

Global transactional database

- No efforts duplication
- Ensure consistency
- Support data aggregation

A pragmatic way forward...

80% of
correspondent
banking flows

74 HVPS

55%
coverage
in value

Scoping

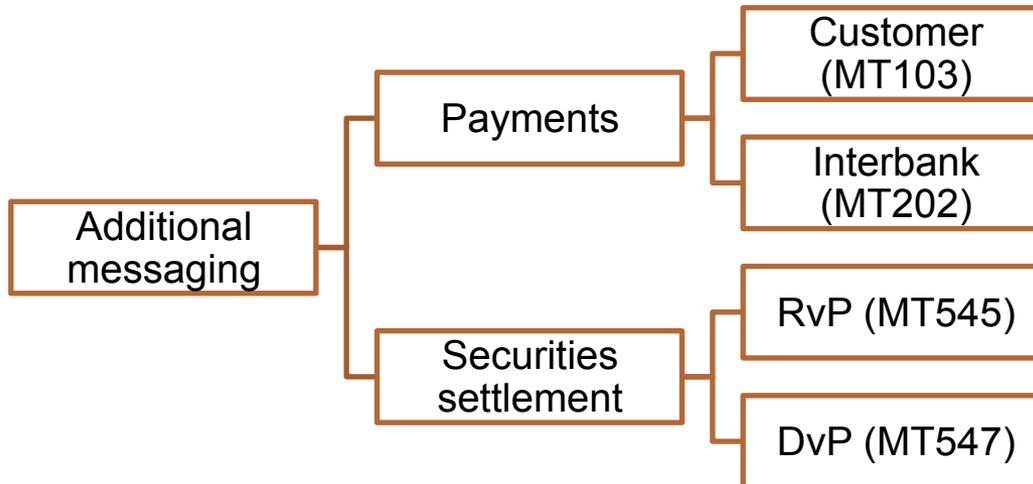
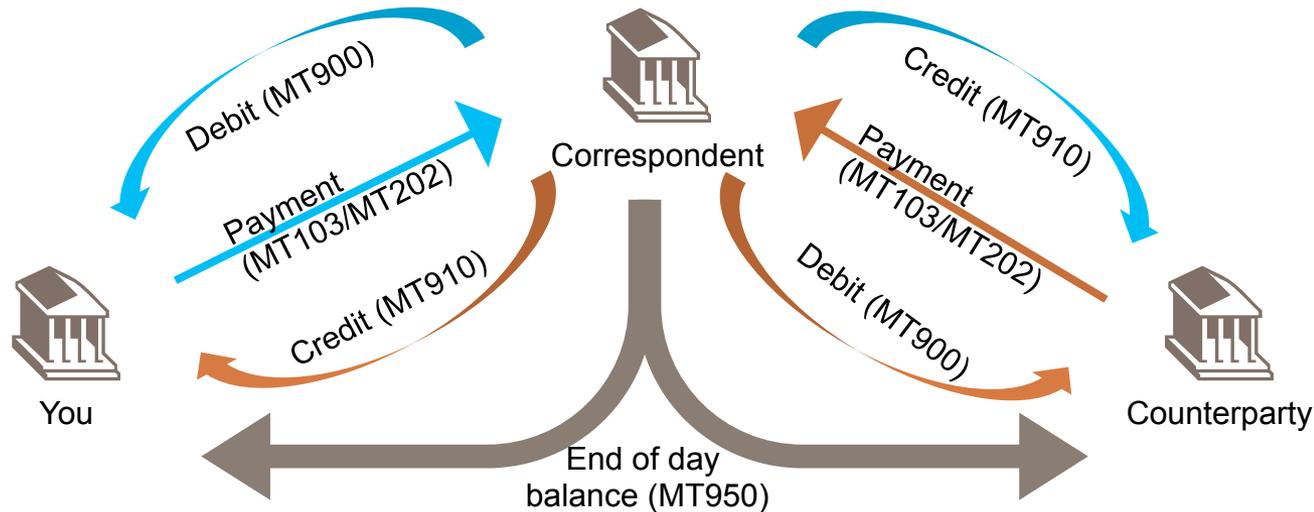
Watch out
the internal
flows

High concentration
3 to 5 per currency

Reciprocity

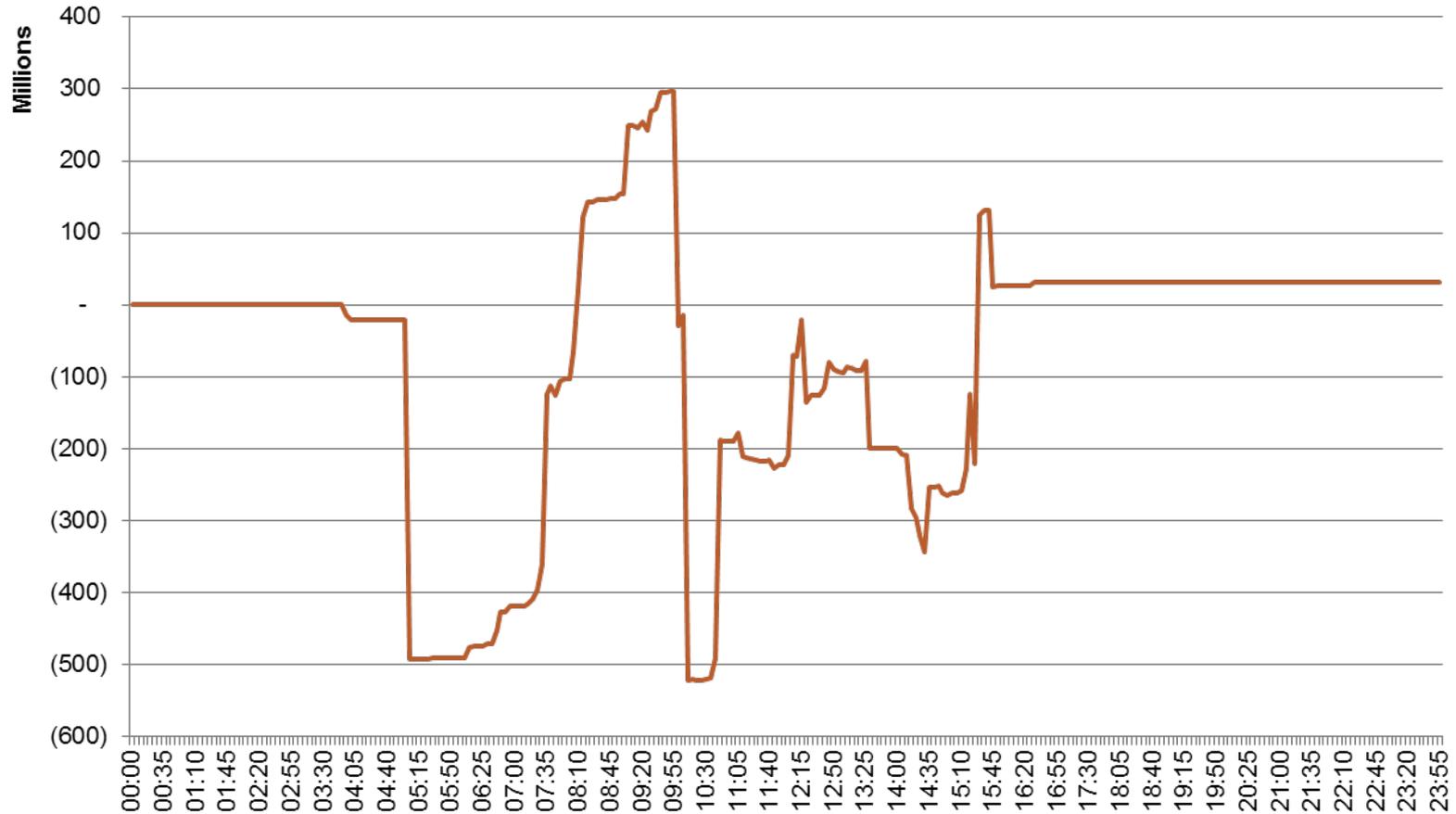
Sourcing the right data from the SWIFT network

Liquidity messaging concept explained



Intra-day liquidity usage (retrospective)

1-day's of reporting messages mapped



* Balance of EUR denominated MT900 and MT910 received by group X from group Y (aggregated per 5 min interval)

Industry Standardisation

Liquidity Implementation Task Force

Bringing the liquidity users and providers together



17 banks



10 global
brokers

Market practice for Intraday Liquidity Reporting

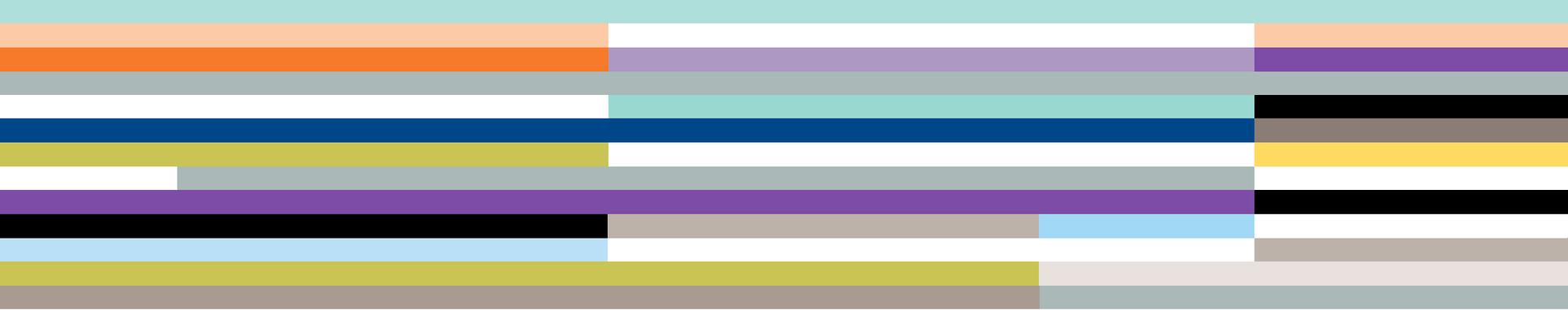
encourage a consistent and standardised implementation of liquidity management services globally

Some key principles

- **Finality of reporting**
- **Timing of reporting**
- **Message time stamping**
- **Standardised approach:**
mirroring reporting for Nostro/ Vostro's accounts
- **Common reporting rules**



“Emergent practices can be developed collaboratively while solving problems for which there are no definitive answers.”
Harold Jarche



Thank you

