

Client	The client is the Luxembourg subsidiary of a European bank. It specialises in wealth management, investment fund administration and custody as well as global asset management.		
Project Name	Liquidity Risk Management Capability Diagnostic		
Project Start Date	August 2008	Project End Date	September 2008
Industry	<input type="checkbox"/> Commercial banking	Insurance	
	<input type="checkbox"/> Investment banking		
	<input checked="" type="checkbox"/> Private banking	<input checked="" type="checkbox"/> Asset and wealth management	
	<input type="checkbox"/> Retail banking		
		<input type="checkbox"/> Corporate	
Category of Service	<input checked="" type="checkbox"/> Performance measurement and monitoring	<input type="checkbox"/> Regulatory compliance and reporting	
	<input type="checkbox"/> Portfolio risk management	<input checked="" type="checkbox"/> Business process improvement	
	<input checked="" type="checkbox"/> Specialised risks	<input checked="" type="checkbox"/> Training and people change	
	<input checked="" type="checkbox"/> Data Quality	<input type="checkbox"/> System selection and implementation	
The Challenge	<p>The client was seeking confirmation or otherwise of the appropriateness of the liquidity risk management policies procedures and practices to the business being supported.</p> <p>The client required that we:</p> <ul style="list-style-type: none"> • Undertake a diagnostic exercise to determine and then evaluate liquidity risk management capability; and • Provide recommendations for best practice liquidity risk management, prioritised issues to be addressed and scale deliverables to the size and complexity of the organisation and business activities and volumes. 		
Approach and Solution	<p>avantage:</p> <ul style="list-style-type: none"> • Undertook detailed review of liquidity risk management and related functional capability including the relevance and effectiveness of the liquidity scenario analysis and rigorousness of the stress testing framework; • Highlighted weaknesses to be addressed; and • Prioritised recommendations and provided justification of priorities in terms of relative risk assessment versus ease with which solution can be delivered and their effectiveness in addressing the weaknesses. 		
Results and Benefits	<p>avantage delivered:</p> <ul style="list-style-type: none"> • A comprehensive health check of the effectiveness of the client's liquidity risk management capability was delivered; • Recommendations outlining both the actions to be achieved and the 		

	<p>impact from a risk mitigation perspective were delivered that formed the basis of the client’s subsequent implementation programme;</p> <ul style="list-style-type: none"> • Improved governance framework; and • Articulation of liquidity risk appetite achieved through the introduction of more meaningful targets and limits based on establishment of a more effective stress testing framework.
Software used	Not applicable.