

<b>Client</b>	The client is an established European Investment Bank.
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<b>Project Name</b>	Definition of the requirements for an industry standard liquidity risk management function and outline programme for the creation of the same
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<b>Project Start Date</b>	February 2008	<b>Project End Date</b>	April 2008
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<b>Industry</b>	<input type="checkbox"/> Commercial banking	<input type="checkbox"/> Insurance
	<input checked="" type="checkbox"/> Investment banking	
	<input type="checkbox"/> Private banking	<input type="checkbox"/> Asset and wealth management
	<input type="checkbox"/> Retail banking	
		<input type="checkbox"/> Corporate

<b>Category of Service</b>	<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

<b>The Challenge</b>	<p>The client was seeking:</p> <ul style="list-style-type: none"> <li>• Creation of a liquidity risk measurement tool and framework for capturing liquidity risk beyond the existing cash forecasting capability;</li> <li>• Implementation of best practice stress testing practice; and</li> <li>• Introduction of governance framework for ensuring scenarios, implications and assumptions for stress testing were kept up to date and reflective of market developments.</li> </ul> <p>The client required that advantage:</p> <ul style="list-style-type: none"> <li>• Take full ownership of the project;</li> <li>• Embed new operating procedures into organisation; and</li> <li>• Involve businesses in the validation of both the stress testing assumptions and implications for market behaviour on the liquidity of their assets.</li> </ul>
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<b>Approach and Solution</b>	<p>avantage:</p> <ul style="list-style-type: none"> <li>• Evaluated the difficulty of accessing required data and modified programme to achieve initial deliverables to enable high level determination of possible liquidity needs;</li> <li>• Introduced operational procedures and controls to meet initial risk mitigation steps required to consolidate liquidity position; and</li> <li>• With progressive improvements to data quality and access, provided enhancements to accuracy and timeliness of measurement tool.</li> </ul>
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<b>Results and Benefits</b>	avantage:
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	<ul style="list-style-type: none"> <li>• Provided Senior Management with first overview of liquidity risk profile for period in excess of a week;</li> <li>• With business involvement in process of validating stress testing scenarios and deliverables, increased awareness of business decisions from a liquidity risk perspective;</li> <li>• Tool enabled client to deliver liquidity risk measurement reporting on a timely basis facilitating risk quantification and effective mitigation;</li> <li>• Established effective governance framework for ensuring basic liquidity targets achieved; and</li> <li>• Provided the justification for further significant investment in enhancements to underlying operational business support systems.</li> </ul>
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<b>Software used</b>	Not applicable.
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