Information Paper

Intraday liquidity reporting

Tools from SWIFT to support compliance with BCBS monitoring requirements

Improve intraday liquidity monitoring and reporting

Key benefits

- Monitor exposure across currencies
- Manage positions globally
- Improve liquidity coverage
- Feed BCBS reports
- Reduce liquidity buffers

The global financial crisis has highlighted the need to improve liquidity management. As a result, regulators are putting more stringent regulatory frameworks into place with short implementation deadlines that include the monitoring of intraday liquidity risk.

In April 2013, the Basel Committee on Banking Supervision (BCBS) has published a set of monitoring tools for intraday liquidity management, to enable banking supervisors to better monitor a bank's management of intraday liquidity risk and its ability to meet payment and settlement obligations on a timely basis.

The paper further builds on the Principle 8 for Sound Liquidity Risk Management published in 2008, providing a detailed set of seven monitoring tools.

The BCBS also requires banks to consider impact under four stress scenarios, and details the reporting by systems, correspondent banks, currencies, branches and subsidiaries.

Internationally active banks will have to report on their intraday liquidity flows on a monthly basis to their regulator as of 1 January 2015 in all countries and for all currencies they operate.

Beyond compliance, your bank is also likely to be concerned by the financial implications related to intraday liquidity management such as intraday credit lines usage across accounts, the risk and costs associated to exceptions, and the higher funding costs coming to square positions towards the end of the day.

All above may result into higher liquidity buffers.

Applicability	Monitoring tools
All reporting banks	Daily maximum intraday liquidity usage
	Available intraday liquidity at the start of the business day
	Total payments
	Time-specific obligations
Banks providing correspondent banking services	Value of payments made based on behalf of correspondent banking customers
	Intraday credit lines extended to customers
Direct participants	Intraday throughput

Figure 1 - BCBS monitoring tools for intraday liquidity management

Are you ready?

Your bank needs to report on its intraday liquidity flows. And that may not be easy. For example, are you able to:

- Manage your position near real-time at global level across currencies?
- Monitor the daily maximum liquidity usage for your bank across accounts and correspondents?
- Produce those BCBS reports?

SWIFT can help you for your intraday liquidity monitoring and reporting in two ways:

1. Feed your liquidity dashboard
2. Support liquidity analytics

To achieve this, SWIFT can provide:

- FIN intraday reports, including real-time debit and credit confirmations, intraday balance and interim transaction reports
- FINInform copies of the payments and intraday liquidity reports of your branches and subsidiaries sent and received to/from their Nostros service providers
- Business intelligence and integration services, on site

Feed liquidity dashboard

SWIFT FIN intraday reports
To support your real-time position management, FIN messaging can be leveraged to build your liquidity dashboard in a very pragmatic way.

The closing balance of the MT 950 statement, received the day before, will be used to determine the opening balance for each of the monitored accounts whilst settlement systems will provide you with a view on the forecasted entries.

Throughout the day, payments sent as MT 103 and MT 202 will be used to determine cash out positions. FIN intraday debit and credit confirmations (MT 900, 910) received from correspondent banks will confirm debit and credit entries near real-time.

In addition, securities settlement confirmation messages (that is, MT 545, 547), can complement to calculate your intraday cash positions across branches and entities connected to the SWIFT network.

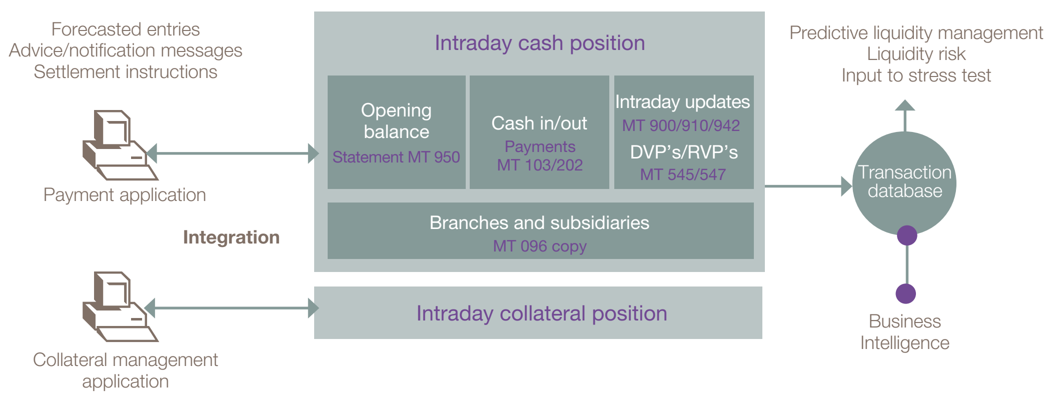

Figure 2 - Liquidity dashboard

SWIFT FINInform

The liquidity or treasury centre from your Head Office can receive a real time copy of a set or all cash related messages from any of your branches/entities. SWIFT takes care of the service set-up based on your configuration requirements and the process is totally non-intrusive to the IT and operation of your branches and/or correspondents. You can copy up to 25 message types and can define a flexible set of criteria to trigger the copy mechanism like one or several account(s) or branches/entities. For countries with strict data confidentiality or privacy regulations, specific customer data can be filtered out the copy sent to you. The partial copy can also be restricted to the information that you need.

SWIFT services

SWIFT can also provide business intelligence and integration services, on site - at your premises. The first step is to analyse the "as-is" situation to evaluate the quality and coverage of your data. SWIFT can further help you set up the technical infrastructure to collect, route, extract, parse, normalise data, and store in a database all SWIFT messages received globally from your correspondents to feed the liquidity dashboard.

Support liquidity analytics

Based on your SWIFT message flows, SWIFT can help you on-site to build reports with retrospective and previous day views on intraday liquidity flows and positions.

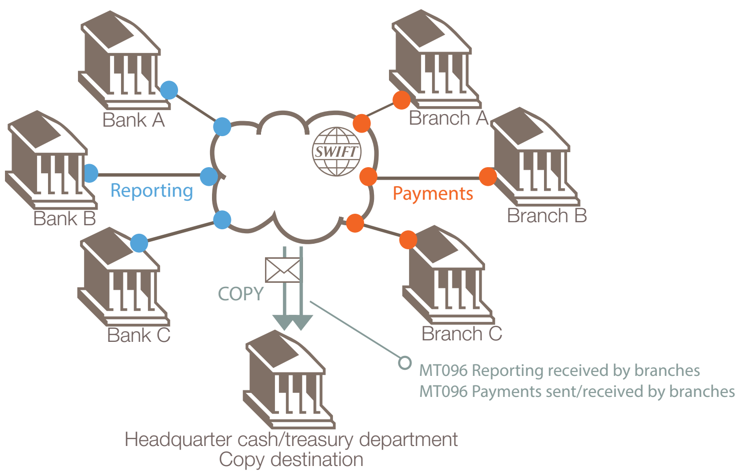

Figure 3 - SWIFT FINInform

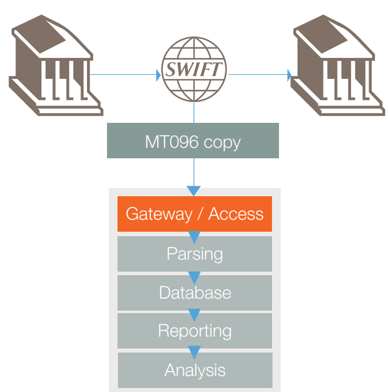

Figure 4 - MT 096 copy message

For more information, please contact your SWIFT account manager at swiftforbanks@swift.com or visit the liquidity page on www.swift.com.

About SWIFT

SWIFT is a member-owned cooperative that provides the communications platform, products and services to connect more than 10,000 banking organisations, securities institutions and corporate customers in 212 countries and territories. SWIFT enables its users to exchange automated, standardised financial information securely and reliably, thereby lowering costs, reducing operational risk and eliminating operational inefficiencies. SWIFT also brings the financial community together to work collaboratively to shape market practice, define standards and debate issues of mutual interest.

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