HOW-TO GUIDE

5 ways to improve intraday liquidity management

FINANCIAL SERVICES

Can your organization easily produce liquidity reporting and monitoring right now? Can you prove to regulators that you understand your intraday positions across all your accounts in real time? And that you're in control during the day? If not, time is running out. By taking **a proactive approach to intraday liquidity management**, banks, financial services, and global corporates can create a stronger, more efficient, and profitable competitive edge.

Here are five ways to build a stronger approach toward intraday liquidity management.

1. Accept the new reality

According to many regulators, the financial crisis of 2008 was caused by financial institutions that lacked **oversight and sufficient liquidity**. It's taken some time, but the growing spotlight on intraday liquidity can no longer be ignored. Banks, financial services, and global corporates must be clear on new and expanding guidelines. Start by developing a business case to justify intraday liquidity enhancements and avoid developing sole-purpose solutions geared towards producing a single report (e.g., BCBS 248). Instead, focus on a comprehensive liquidity and risk management platform.

2. Leverage financial benefits

Financial and cost savings from proper intraday insight accrue from a range of areas. To elevate liquidity management, consider improving systems that will produce financial benefits like reductions in intraday liquidity buffers and funding costs, as well as reductions across lost opportunity and credit line costs.

3. Take advantage of non-financial benefits

Organizations should understand that managing and demonstrating control over intraday liquidity also leads to many non-financial benefits. Maintaining regulatory compliance, developing accurate cash forecasting, and understanding credit risks are all non-financial benefits that can be realized. Banks, financial services, and global corporates should also evaluate the optimization of cash management, intraday liquidity, and funding as additional opportunities to control intraday liquidity.

4. Ensure technology meets regulatory scrutiny

Today, regulators expect institutions to demonstrate their strategies, policies, processes—and systems—for the managing and monitoring of related intraday activities. This oversight now includes consideration for the quality of the technology and IT systems that organizations use. As regulatory scrutiny increases, banks, financial services, and global corporates are more frequently relying on commercial market solutions to ensure satisfactory levels of liquidity buffers and to take advantage of other organizational benefits.

5. Choose a solution that works in real time

A liquidity management core platform needs to run in real time. It should consume and intelligently transform both transactional messages from external account providers—via existing financial industry infrastructures—as well as internal systems across front, middle, and back offices. This system must also be designed for high-volume performance and stress modeling to meet usage demands and ensure financial institutions have accurate, up-to-date data for analysis.

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