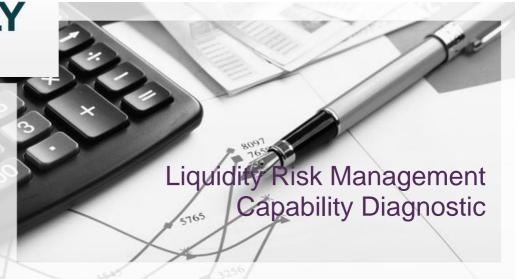


Abstract

The client was seeking an evaluation of its liquidity risk management capability in terms of the business being supported. Avantage Reply undertook a detailed review and provided recommendations for best practice liquidity risk management, which formed the basis of the client's subsequent implementation programme.



THE 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.

THE CHALLENGE

The client was seeking confirmation or otherwise of the appropriateness of the liquidity risk management policies, procedures and practices to the business being supported.

The client required that we:

- Undertake a diagnostic exercise to determine and then evaluate liquidity risk management capability; and
- Provide recommendations for best practice liquidity risk management, prioritise issues to be addressed and scale deliverables to the size and complexity of the organisation and business activities and volumes.

APPROACH AND SOLUTION

- 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 its effectiveness in addressing the weaknesses.

RESULTS AND BENEFITS

- 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 impact from a risk mitigation perspective were delivered that formed the basis of the client's subsequent implementation programme;
- 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.



Avantage Reply, part of the Reply Group, is specialised in Financial Services with a focus on Risk, Treasury and Capital and Financial Performance Management. With offices in Amsterdam, Brussels, Edinburgh, Frankfurt, Hamburg, London (head office), Luxembourg, Milan, Munich and Rome Avantage Reply counts some of the world's most significant financial groups among its clients, including well-known and respected organisations in the Banking, Insurance, Investment Management and Services, and Post Trading Services sectors.

The firm's delivery capabilities cover advisory services (Risk/Finance/Treasury Subject Matter Expertise), Program and Project Management, Business, Functional, and Data Analysis.

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