



Liquidity Risk Production review after the Delegated Act

Abstract

The supervisory authority requires French financial institutions – through the CRR delegated act - to report their liquidity risk management results under the regulatory new definitions and new reporting templates.

As the result of the technical implementation of these new requirements, the client has to assess the impact of these data model changes in the production processes of the reports (LCR, NSFR and AMM), has to produce the new data flow, to validate the governance and to define the controls related to these liquidity risk reports.

THE CLIENT

Our client was a French financial services institution focused on retail banking activities. The bank provides services on retail banking (mainly individual but also extended to corporate customers), insurance (life insurance, contingency, property and casualty, and health) and asset management.

THE CHALLENGE

The supervisory authority requires French financial institutions – through the CRR delegated act COMMISSION DELEGATED REGULATION (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 – to report their liquidity risk management results under the regulatory new definitions and new reporting templates.

As a result of the technical implementation of these new requirements, the client has to assess the impact of these data model changes in the production processes of the reports (LCR, NSFR and AMM), to produce the new data flow, to validate the governance and to define the controls related to these liquidity risk reports.

Due to the lack of resources, the client asked Avantage Reply to provide their expertise on the Liquidity Risk topic and also on their experience of regulatory reporting production implementation.

APPROACH AND SOLUTION

The first phase of our solution was to assist the client at every step of the implementation and during a second phase to back the client during a transition period in order to sustain the production and document the processes.

In this context, the Avantage Reply team set up workshops on the regulatory open points subject to stakeholders' validations.

In order to ensure the quality of the reporting production, the team has supported the client by challenging the development and by proposing the test scenarios before the migration.

The team produced mapping tables and impact analysis of the implementation ensuring the continuity monitoring of the liquidity risk results.

A full review of the production processes was done to align the control requirements with the new data model.

Based upon our comprehensive review, we implemented numerous corrective actions with the client and enhanced the stability of the workflow.

RESULTS AND BENEFITS

Avantage Reply's contribution to the project has been highly appreciated by the client due to the quality and speed with which the production processes were implemented in a context of very tight deadlines. In this context, the benchmark and the mix of functional/technical skills facilitated the communication with the client actors and shorten delivery times.

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