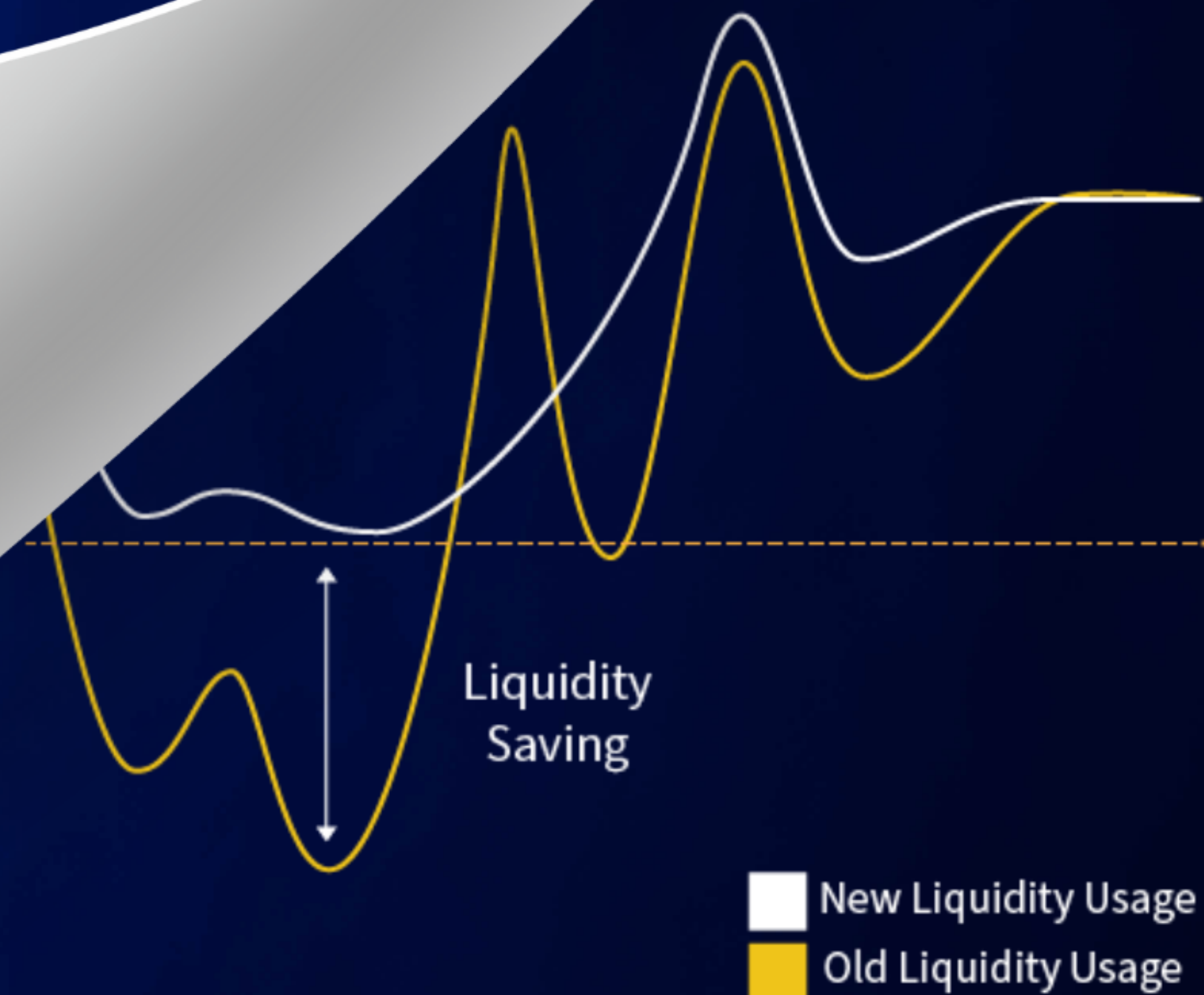


HOW BANKS MASTER INTRADAY LIQUIDITY BUFFER MANAGEMENT



WHAT'S INSIDE THIS EBOOK



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WHY **EFFECTIVE** BUFFER CONTROL COUNTS

A treasurer's primary objective is to manage liquidity, that is the conclusion of **96% of respondents** in a recent Deloitte Global Treasury Survey.

This task is seen as almost equal to **managing risk (94%)**. To do this, treasurers must be aware of their financial position, exposures, and anticipated future needs. The poll found that the largest problem faced by **64% of respondents was achieving visibility**.

Changes in market dynamics, such as shorter settlement times and instant settlement of payments, necessitate **real-time liquidity management**. Given these challenges, a bank must have an effective intraday liquidity management capability. This includes holding an intraday liquidity buffer, to cope with stresses when they inevitably arise.

And given this is best practice, your regulator will either already set your intraday buffer or will be doing so very soon.

When banks come to us, we talk about 'getting the basics right.' A fundamental part of that is **effective buffer management**.

The transformation in their operations has been remarkable:

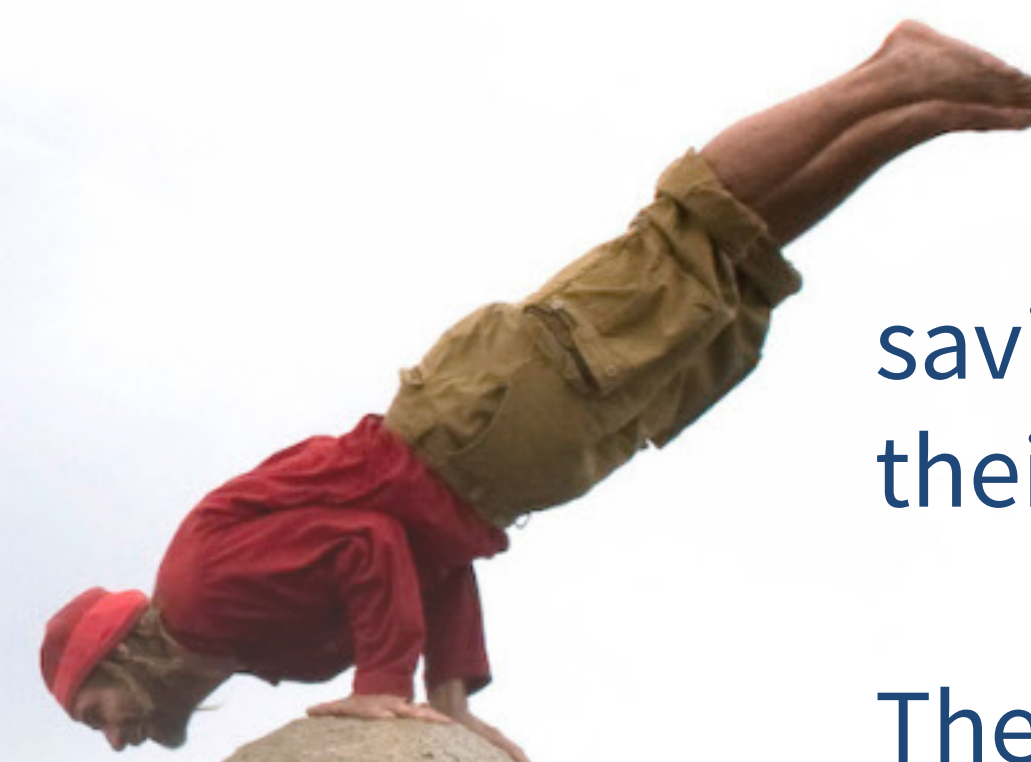


Initially burdened with oversized buffers and regulatory add-ons due to limited visibility and manual processes, our clients have progressively adopted real-time data insights, advanced funds transfer pricing, and proactive payment control mechanisms.

These enhancements significantly reduced their buffer requirements — saving millions in costs — and streamlined their liquidity management operations.

The shift has led to greater regulatory compliance, improved risk management, and enhanced financial stability.

Clients now enjoy a more agile and responsive treasury function, capable of navigating market changes with confidence and precision.



“Effective liquidity buffer management is a balancing act between holding sufficient liquid assets to meet unexpected outflows and optimising the return on these assets in normal market conditions.”

Strategies for Optimising
Your Cash Management, Deloitte

INTRADAY LIQUIDITY BUFFER **MANAGEMENT**

Stages of Maturity



How mature is your bank?



STAGE ONE

MINIMAL LIQUIDITY INSIGHT

At this stage you will have:

- Little or no automation
- Manual systems and portal look up
- Assumed funding models
- Difficulty right-sizing your liquidity buffer

Manual processes,
no real-time **visibility**



Multiple
Spreadsheets

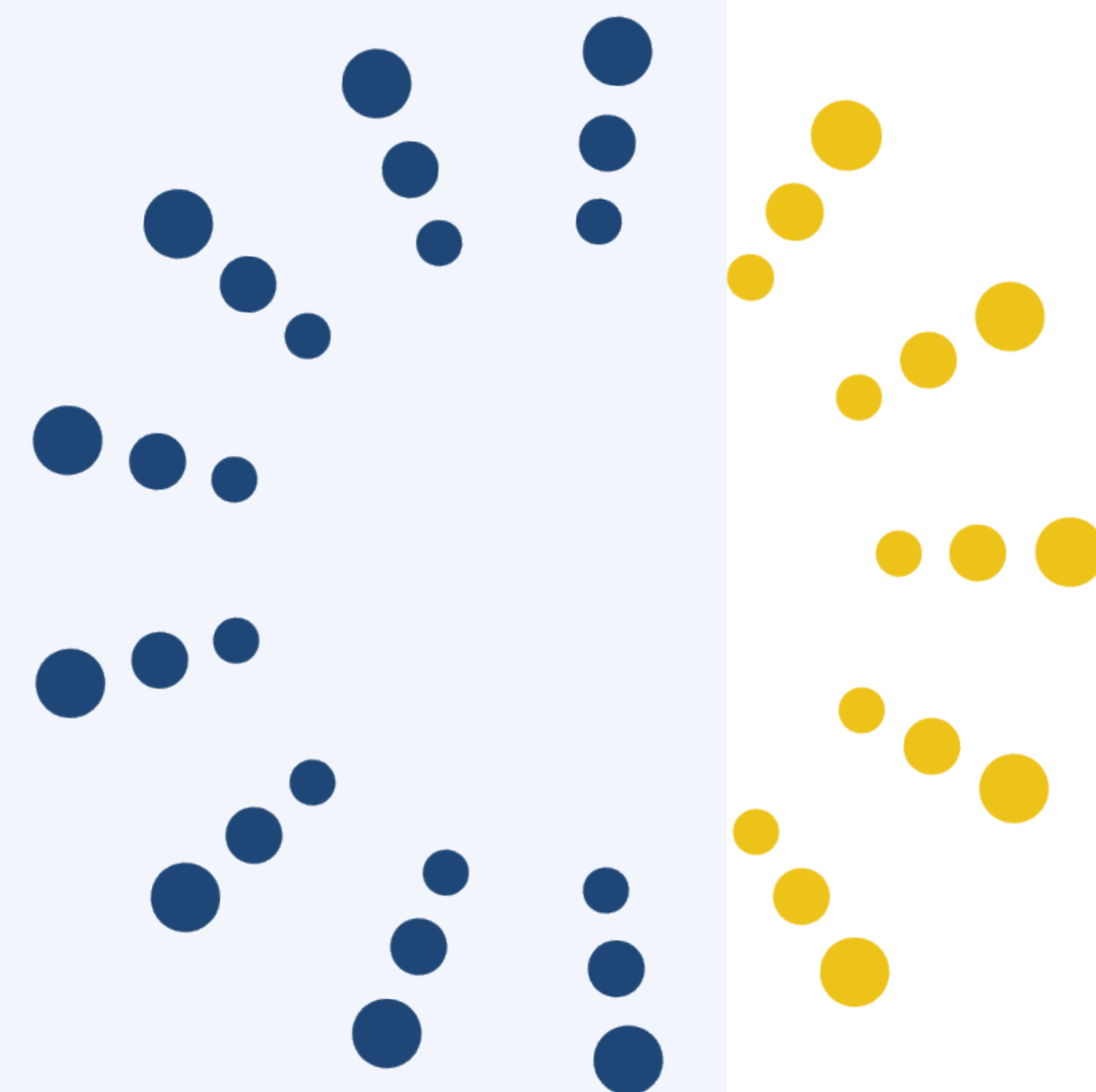


Manual
processes



Some data
captured in systems

Liquidity Buffer Impact
(example)



Self-imposed or
regulator-imposed
add-on

BAU and Stress Buffer

DATA USED
Fragmented data
Spreadsheets

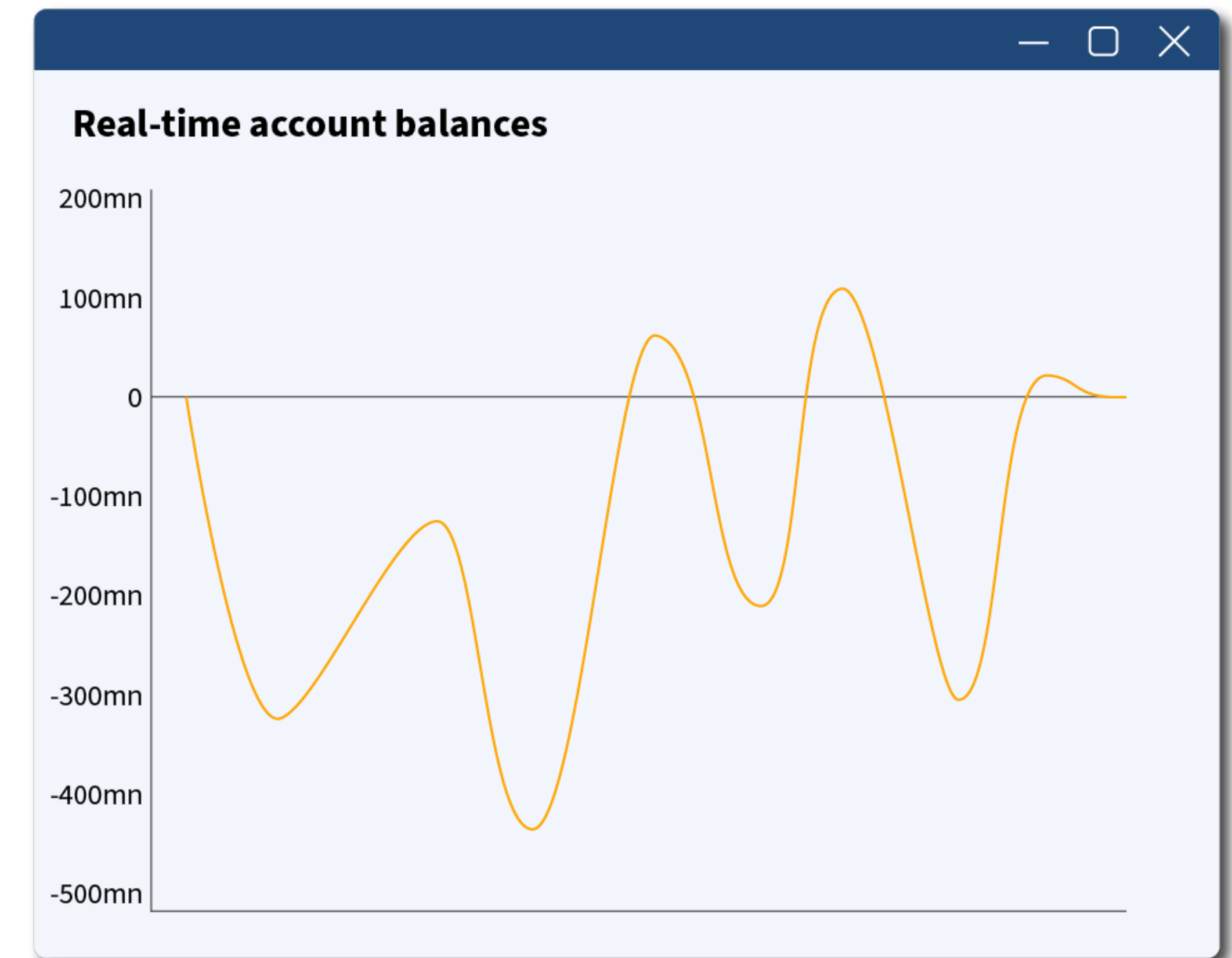
STAGE TWO

LIQUIDITY BUFFER RIGHT-SIZING

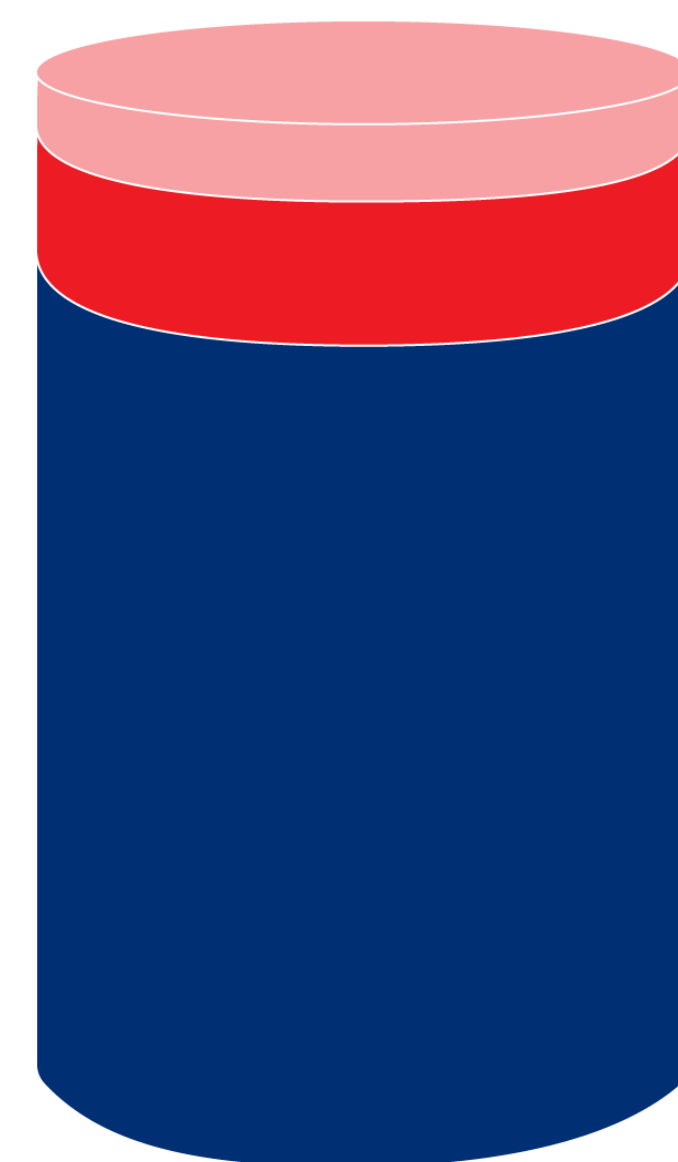
At this stage you will have:

- Visibility of account balances and alerting in real time
- Insight into payment flows and historical liquidity usage
- Ability to right-size your liquidity buffer based on actual usage

Account balances in
real time



Liquidity Buffer Impact
(example)



Add-on reduced
(5% saving)

DATA USED
Reference Data
External Data

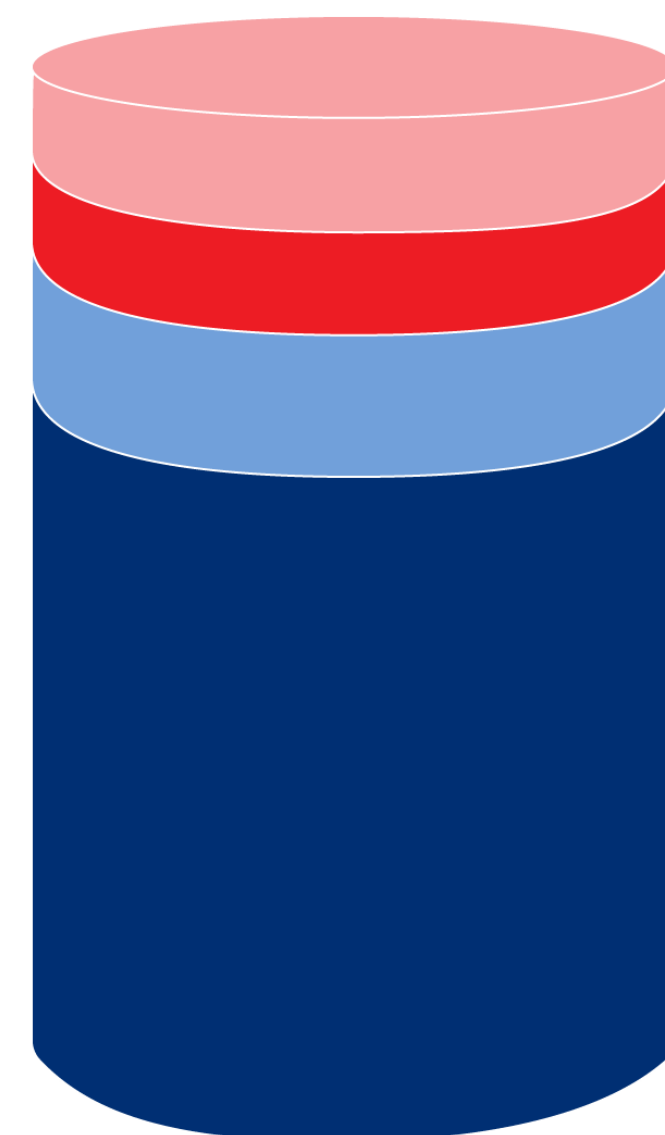
STAGE THREE

PAYMENT CONTROL

At this stage you will have:

- Ability to throttle payments based on available liquidity
- Ability to prioritise critical/urgent payments
- Ability to reduce Intraday usage by managing payments within desired thresholds

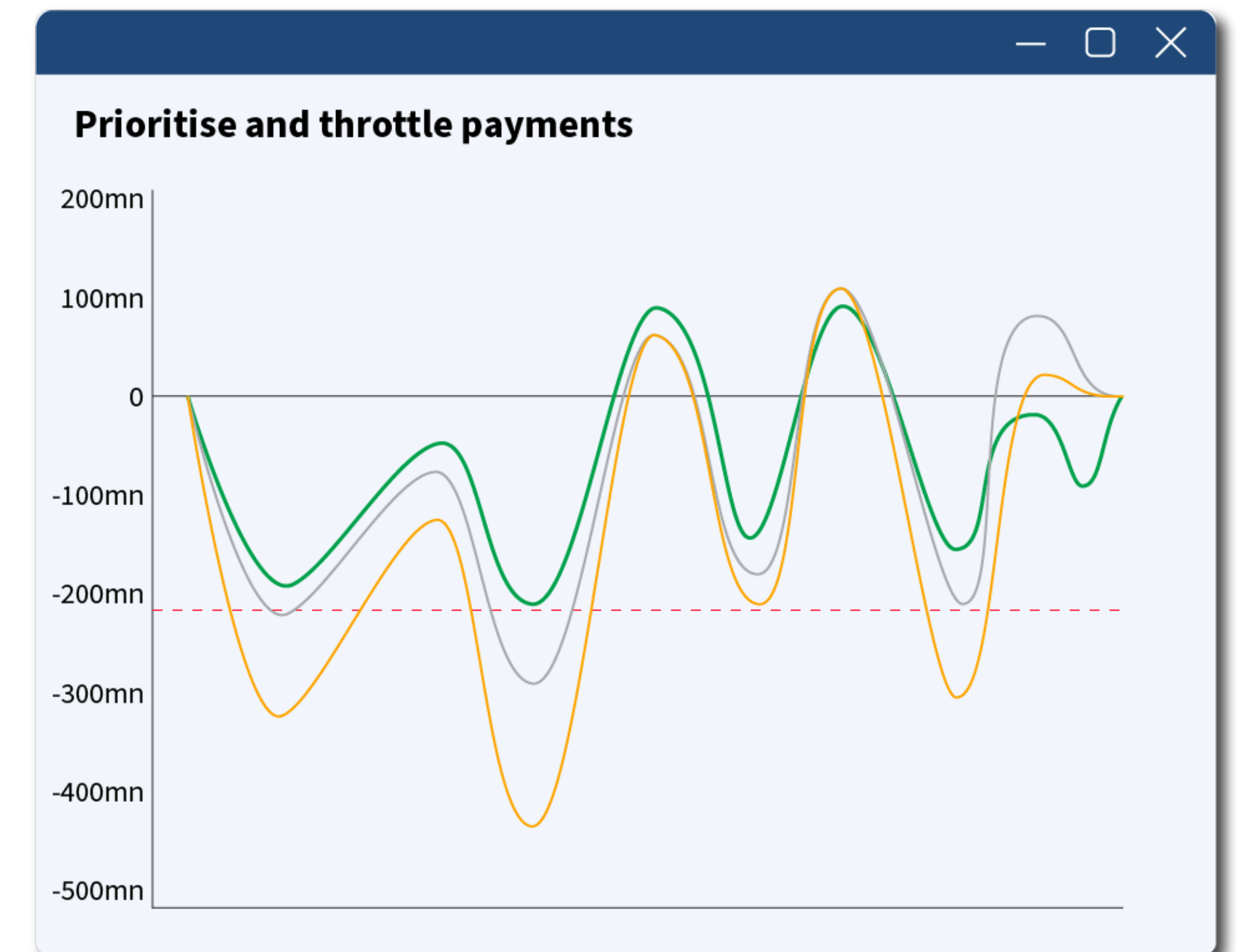
Liquidity Buffer Impact
(example)



Add-on reduced
(5% saving)

Buffer reduction
(10% saving)

Prioritise and throttle payments

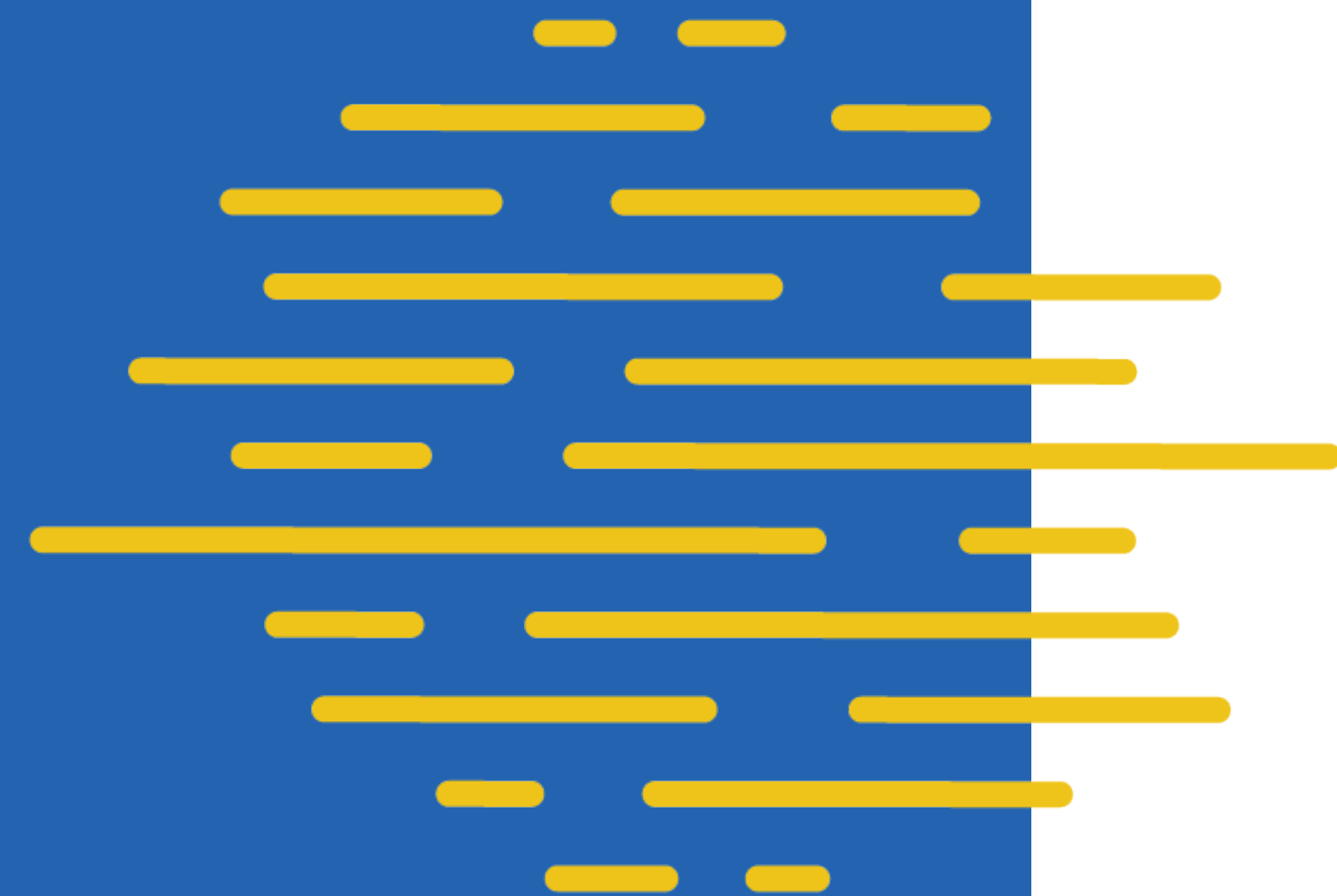


DATA USED

Reference Data
External Data
Payment Data



STAGE FOUR



REAL-TIME SETTLEMENT INFORMATION

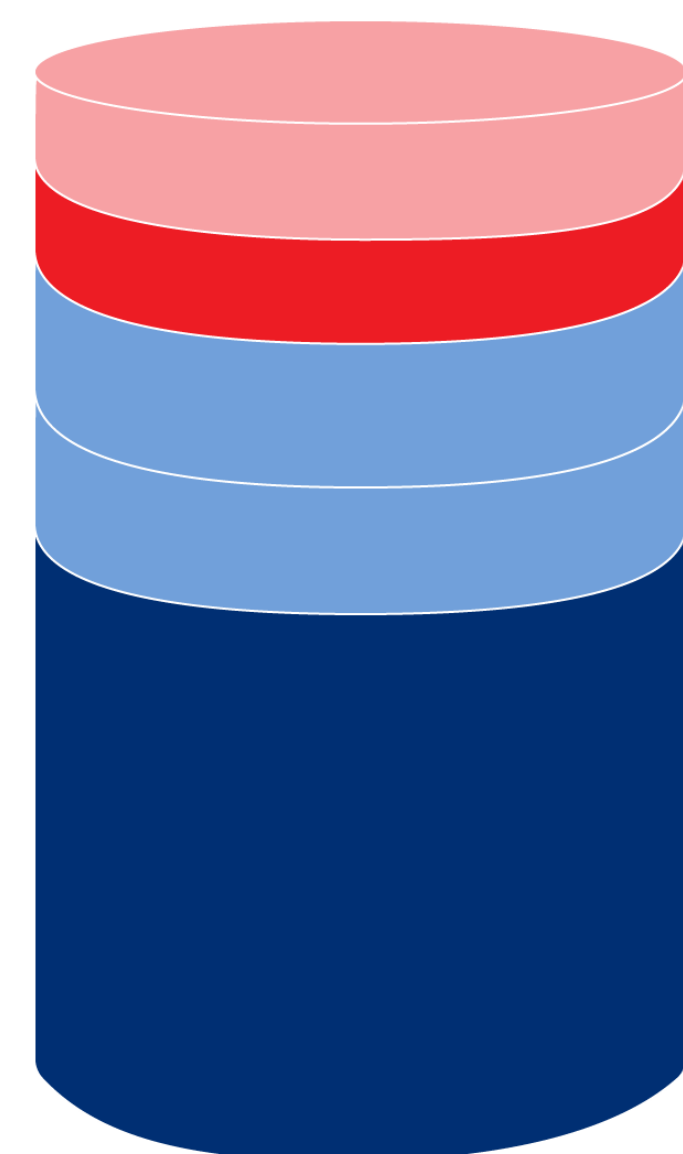
At this stage you will have:

- Real-time reconciliation of actual settlement confirmations to projected cashflows
- Full visibility of drivers of liquidity usage
- Payment throttling optimised based on drivers of intraday usage
- Intraday usage reduced due to increased insight into drivers and liquidity behaviours

Live updates on
settlement progress

Real Time Settlement - Today								
Correspondent	Account	Start of Day Balance	Unsettled		Settled		End of Day Projection	Running Balance
			Debit	Credit	Debit	Credit		
✓ ABC		50 mn	0 mn	400 mn	-2400 mn	2100 mn	150 mn	-250 mn
	> ABC GBUK CHF2	50 mn	0 mn	0 mn	-500 mn	600 mn	150 mn	150 mn
	> ABC GBUK CHF4	0 mn	0 mn	400 mn	-1900 mn	1500 mn	0 mn	-400 mn
✓ XYZ		20 mn	-40 mn	100 mn	-1200 mn	1200 mn	80 mn	20 mn
	> XYZ GBUK NOK2	20 mn	-40 mn	100 mn	-1200 mn	1200 mn	80 mn	20 mn

Liquidity Buffer Impact
(example)



Buffer reduction
(10% saving)

DATA USED
Reference Data
External Data
Internal Data
Payment Data

STAGE FIVE

STRESS & DRIVERS OF INTRADAY USAGE

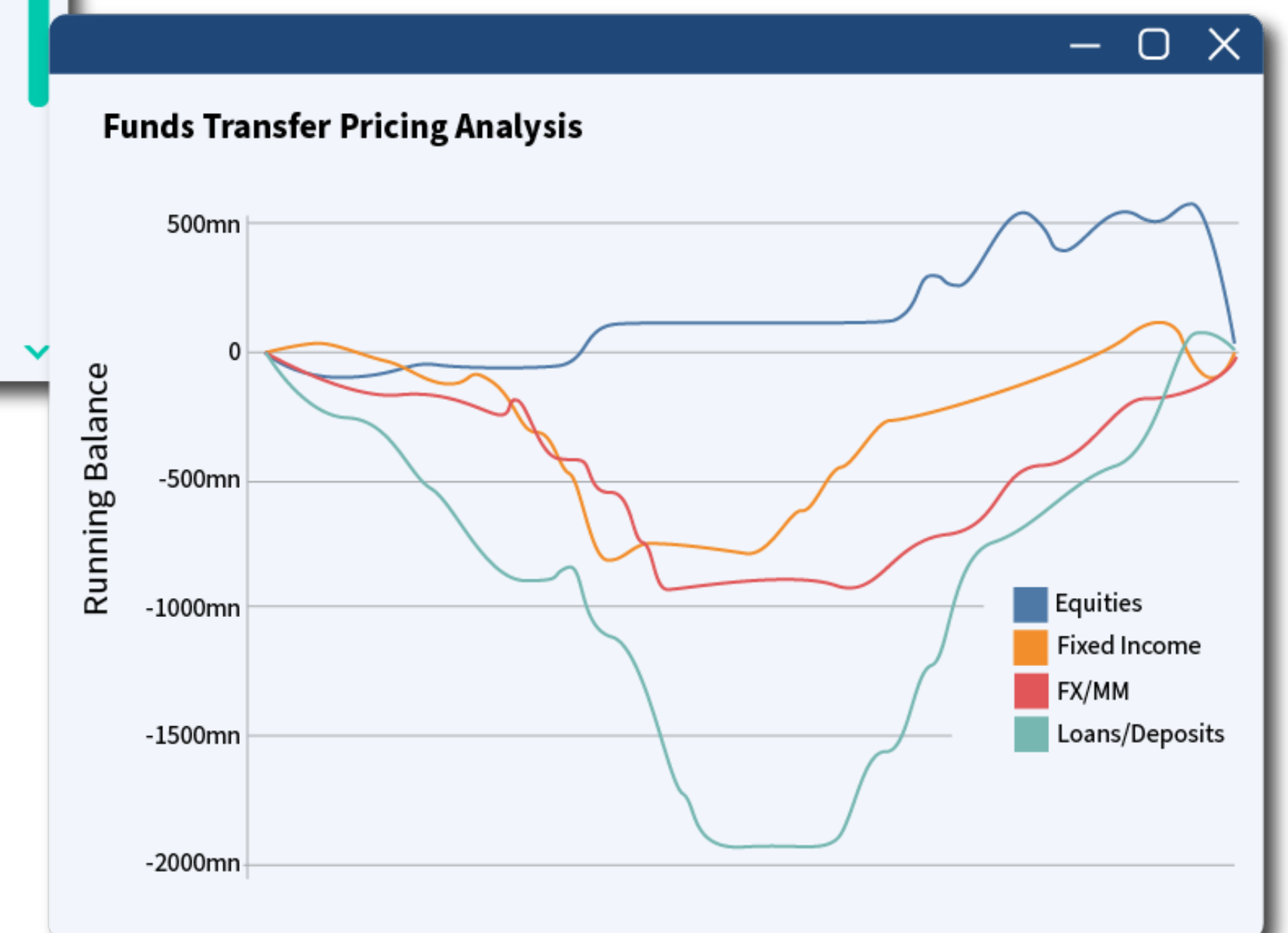
At this stage you will have:

- Enhanced Funds Transfer Pricing to assign costs to liquidity drivers
- Ability to proactively change trading behaviours and reduced liquidity usage
- BCBS 248 intraday stress modelling
- Ability to right-size buffer to include stress

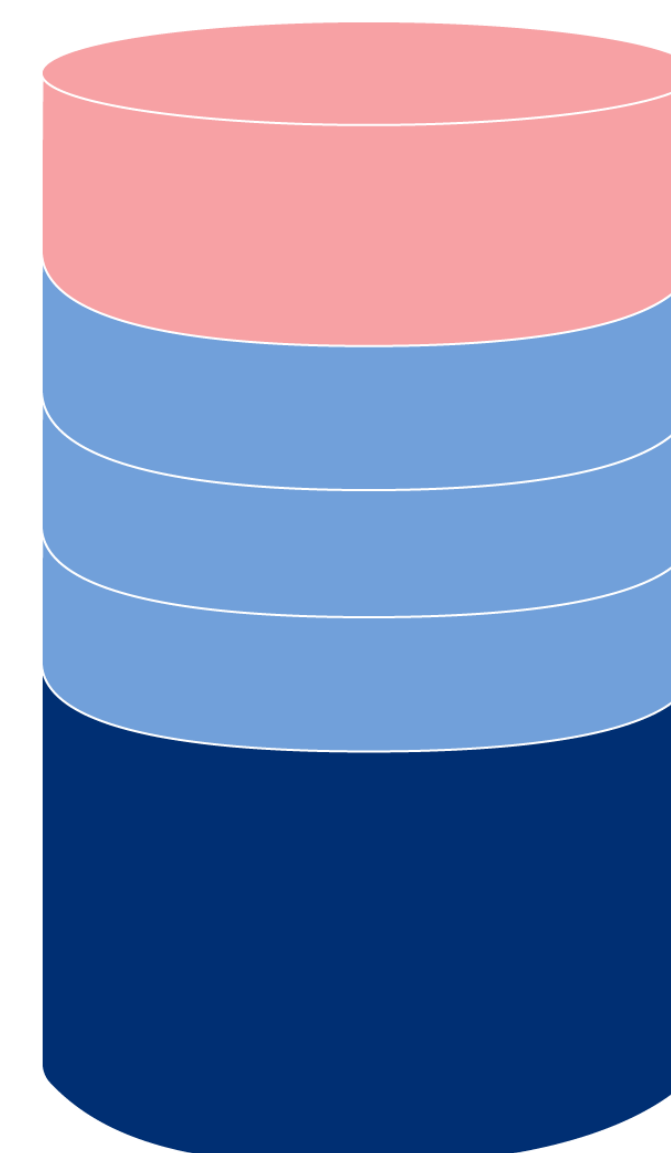
Enhanced control and
full visibility

Analyse Intraday balance
broken down by product

Currency: EUR
Date: Today
Account: (All)
Product: (All)



Liquidity Buffer Impact
(example)



DATA USED
Reference Data
External Data
Internal Data
FTP Model
Payment Data

GUESSWORK MAKES FOR **FRUSTRATING** LIQUIDITY BUFFER MANAGEMENT



Treasuries can lack visibility into payment flows because of fragmented data. This lack of real-time capability makes it difficult to right-size the bank's buffer, leading to unnecessary capital costs and inefficient operations.

Moreover, without accurate, timely insights, banks struggle to control outbound payment flows, which can increase both risk and cost and may result in an action request from the regulator.

The cost of inefficiency

Imagine being in a constant state of over-preparation, where your institution holds vast reserves of liquid assets that could otherwise be invested more profitably.

This over-cautious approach not only ties up capital but also reflects a lack of confidence in the bank's liquidity management practices. If you have not got accurate, reconciled data it can make it impossible to pass back costs to the appropriate business unit.

Regulators want you to be able to manage payments with 'at-risk' counterparties through strategic control measures, ensuring liquidity is maintained even under stress.

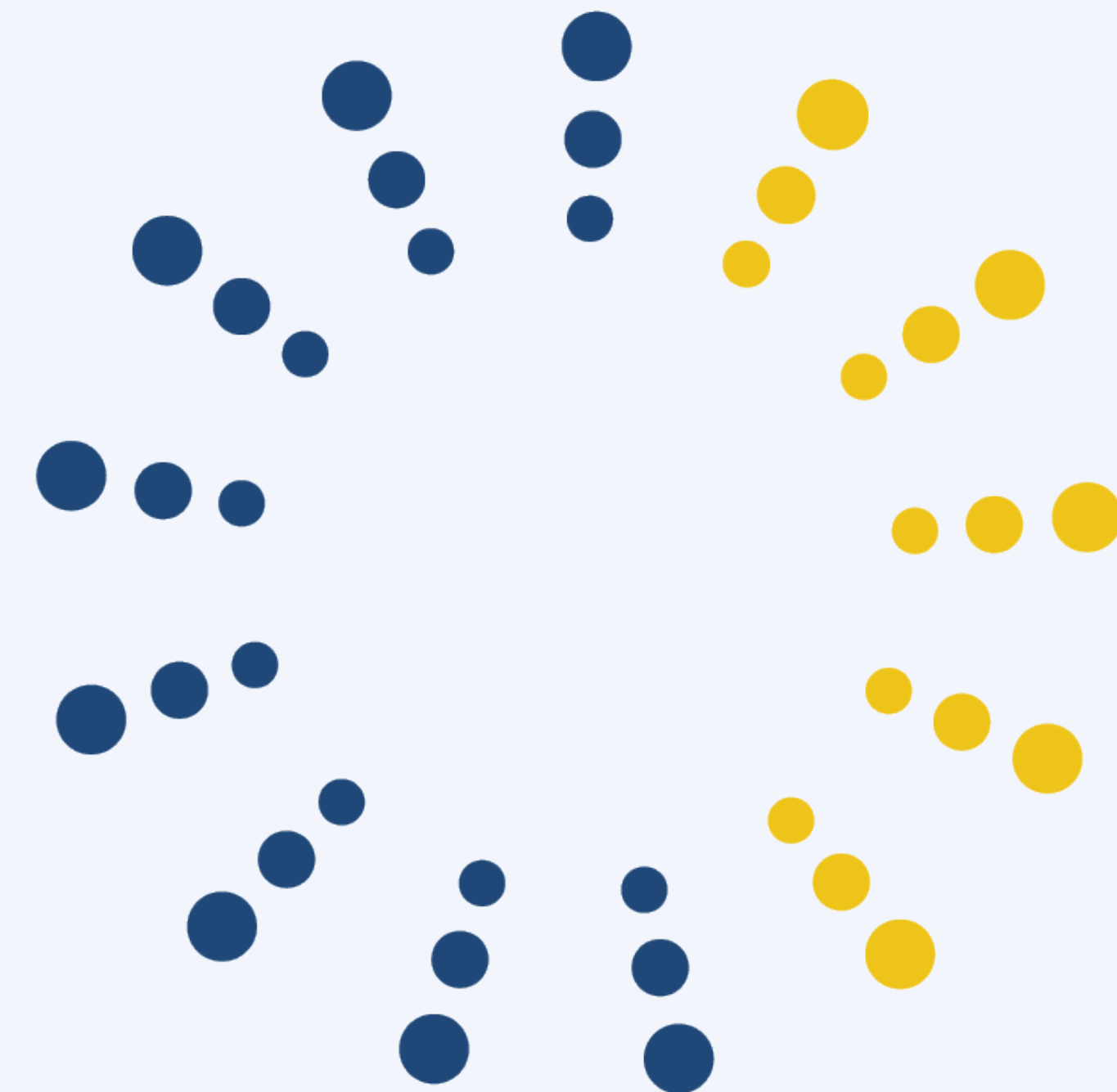
Banks that work with Planixs try to avoid having excessive cash buffers, instead they focus on really accurate cash flow forecasting.

“Even with a conservative cost of funding as low as 0.5%, every \$1bn a bank ties up in an intraday buffer costs it \$5mn every year to provide. These kinds of controls could cut this buffer by 50%, saving the bank \$2.5mn a year for every billion of buffer. And these buffers start out much bigger than \$1bn. Risk is reduced and cost is reduced.”

Pete McIntyre, Finance Director, Planixs

$$\begin{aligned} & \text{(Current Intraday Buffer)} \\ & \quad \times \\ & \text{(Buffer reduction saving \%)} \\ & \quad \times \\ & \text{(Cost of Funding \%)} \\ & \quad = \\ & \text{Intraday Buffer Savings} \end{aligned}$$

TRANSFORM HOW YOU SEE AND USE DATA





“It’s about accurate, real-time information presented in an accessible way. Plus, the board of directors and the C-suite need to see data in this format. So they can then make appropriate decisions.”

Moorad Choudhry, Author
“The Principles of Banking”

HOW DO I GET THIS **DONE?**

You want a transformative solution, not another patched together workaround.

However, your progress is frustrated by the legacy operating models, you are having to piece together. You struggle with silos of data that are difficult to pool together, and denying you the real-time, 360-degree view you need to truly, and accurately, optimise your liquidity buffer.

Added to this, you may have a lack of dedicated transformation specialists available to you.

This means that meaningful development will be complex and lengthy, delaying revenue generation and harming outcomes.

For the largest G-SIBs with vast budgets, investing \$millions in technology infrastructure is standard. However, most banks lack this luxury and must rely on smaller teams and tighter budgets.

As specialists in real-time liquidity visibility solutions, we know firsthand how difficult it is to create a platform that takes you from Stage 1 to Stage 5* in the maturity model mentioned previously.



*Banks can choose how far and how quickly to progress through the stages, with banking liquidity buffer savings at each stage along the way

Meet Realiti®

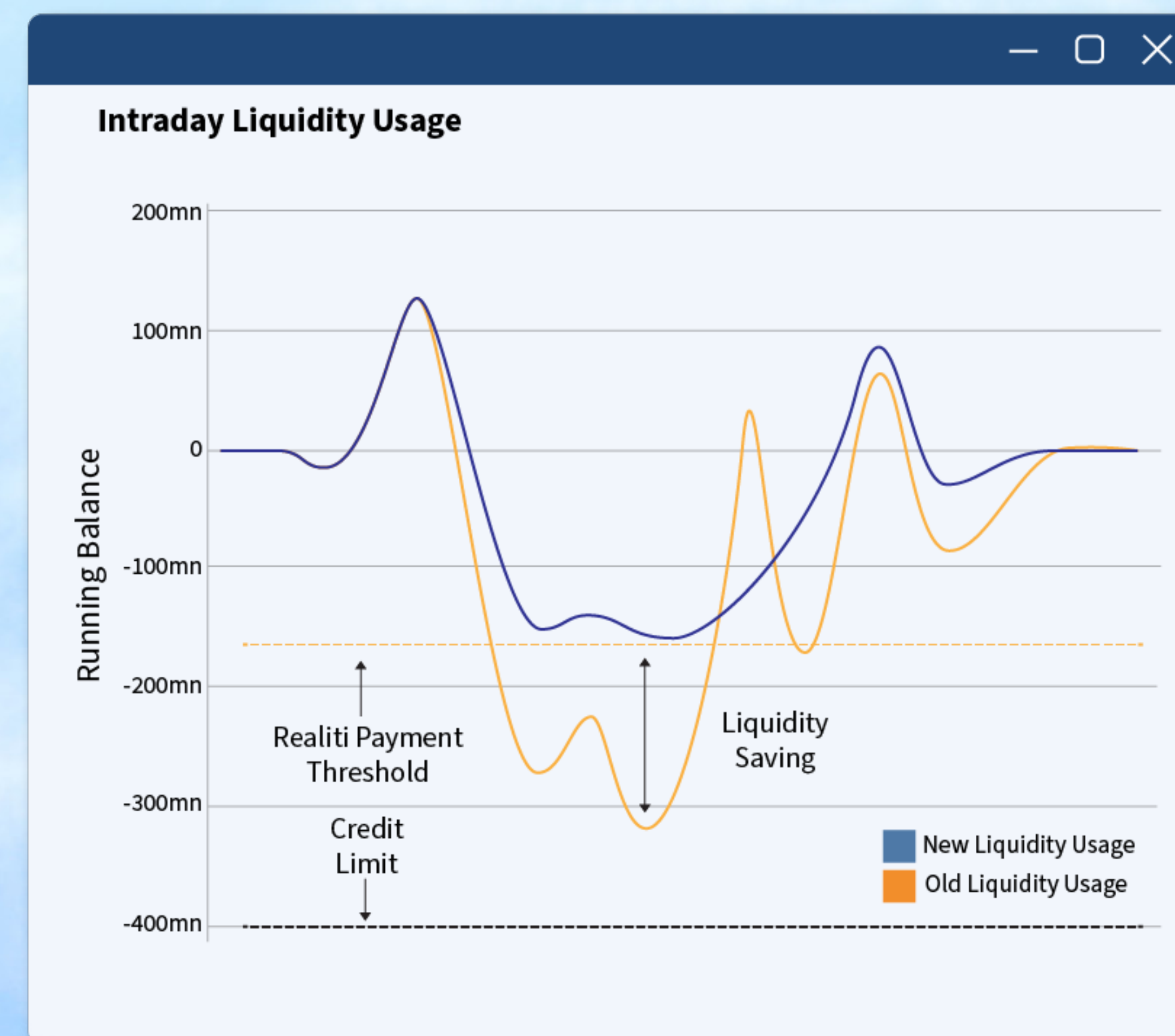
360° VISIBILITY

Realiti® by Planixs provides 360° visibility across cash and securities, to enable cross-enterprise liquidity and capital optimisation. And, most importantly, all in real time.

Realiti® is more than just a tool; it's a strategic solution for banks of all sizes. Its sophisticated payment control mechanisms reduce peak liquidity usage and mitigate risks.

Real-time monitoring and alerts facilitate proactive risk management. Comprehensive data insights feed into more accurate FTP models, allowing banks to optimise liquidity usage.

Built by experts with decades-deep banking experience, the Realiti® platform can be implemented in as little as 3 months. All without the stress or eye-watering price of doing it yourself.



MEET THE TEAM



WE'RE HERE TO **HELP**



Tim Page



Rachel Edgecombe



Pete McIntyre

If you would like to discuss how to fend off the regulator, unlock trapped liquidity or streamline manual treasury processes, please get in touch.

We're always ready for a helpful, no-pressure chat.

Email info@planixs.com or feel free to book a consultation.

Book a Consultation



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