

Terms of Reference for the EBA Working Group on Liquidity Management

Background and context

Following insights gained from observing market requirements regarding corporate liquidity management and in times of continuous payment instrument transformation from batch to real-time processing, market players from the demand- and supply-side across Europe are confronted with a new set of challenges. Next to purely technical, operational and regulatory challenges, increasingly more focus is also being put on organisational issues to migrate liquidity management practices into the digital era.

Relevant and important to this transformation is an appropriate liquidity management for all market participants, banks and corporates alike. To support this, the EBA launches an activity stream on liquidity management.

The Board of the Association decided to create a working group on liquidity management (the “EBA Liquidity Management WG”). It is proposed that the EBA Liquidity Management WG starts its activities in the third quarter of 2017.

Activities to be undertaken

The objective of the EBA Liquidity Management WG is to deliver thought leadership on liquidity management practices with a clear focus on corporates as end customers. The working group will not address commercial or business aspects. The deliverables will be primarily informative and include an analysis of trends and envisaged future developments.

The EBA Liquidity Management WG will identify key issues relating to end-of-day liquidity management practices and analyse drivers for evolving needs in that area.

At a later point in time, the scope may evolve to include intraday liquidity management and the analysis of the interplay with real time processes and transactions as well as other relevant factors such as regulatory requirements.

Items to be explored include:

- Identifying the players and their roles in the corporate liquidity management;
- Technology as an enabler for corporate liquidity management;
- Trends and evolving needs in corporate liquidity management.

Communication activities

The objective is to help the EBA membership gain a deeper understanding of key issues, trends and evolving needs in this field and to share the work with a broader audience. The knowledge gained can then be included into the educational and networking activities of the EBA.

Membership and organisation

The WG should ideally have no more than 30 members. Members of the WG are designated by the Board from among:

- Experts at EBA member banks in the area of liquidity management;
- Experts at EBA member banks in the area of asset and liability management;
- System providers from within the associate membership from both treasury management systems and bank systems;
- Advisory firms from within the associate membership specialised in this area;
- Corporate treasurers with the responsibility to manage the liquidity;
- Representatives of SMEs who can provide specific insights from a SME perspective.

The EBA Liquidity Management Group will be chaired by a Board Member of the EBA. The WG will be facilitated by EBA staff with the support of other (external) resources as are required and approved by the Board.

The Chair may invite external attendees to share experiences with the WG.

Frequency and duration

The WG will come into existence for an initial one-year period and may continue in an appropriate form afterwards, as further deliverables are approved by the EBA Board.

The working group will have face-to-face meetings at the premises of the EBA or of institutions of participating WG members. At an evolved state, meetings may take place via webinar or similar facilities or conference call.