



Financial Services in Uncertain Time

Liquidity and Economic Capital

Context

- The financial difficulties of banks and other financial institutions have resulted in a lack of trust between them, and significantly decreased the availability of financing.
- Hence, financial institutions have been forced to secure missing interbank financing from other sources such as retail deposits. In this fight for liquidity, banks became involved in a “deposit war” that forced them to offer rates significantly higher than interbank rates.

Risks and Challenges

- Have you analysed the profitability of certain business lines, products, organisational units?
- Have the outcomes of the check been implemented into business activity?
- Have you optimised the capital management strategy?
- Have the economic capital principles been encompassed in day-to-day management?
- Is the cost of risk adequately reflected in the pricing of products and services?

How Deloitte can help

Deloitte offers a wide range of services in the area of economic capital and liquidity management:

1) Setting up the economic capital principles and policy (material risk catalogue, capital management, strategies for liquidity positions management).

2) Development and implementation of the RAPM methodologies e.g. RAROC, RORAC, tailored to the institution's constraints and limitations.

3) Development of liquidity management strategies and plans.

Contact us for more information: deloitte.sk@deloittece.com