



Basel Committee on Banking Supervision,  
Bank for International Settlements,  
CH-4002 Basel,  
Switzerland.

Warsaw, 13 September 2012

### **Response to BCBS Consultation Paper: *Monitoring indicators for intraday liquidity management***

Dear Sirs,

BRE Bank welcomes the opportunity to respond to Basel Committee on Banking Supervision (BCBS) Consultation Paper on Monitoring indicators for intraday liquidity management.

BRE Bank is one of the largest Polish banks. The BRE Bank Group comprises specialised companies, direct or indirect subsidiaries of BRE Bank. The services of the Group provide a comprehensive financial offer to corporate clients, private banking clients and retail clients. The Group's offer for corporate clients includes corporate banking, investment banking and asset management. Retail clients are offered mBank and Multibank - the parts of BRE Bank concentrated on internet banking services.

BRE Bank is a major player in terms of the scale of the payments made in the local payment system. In 2010 and 2011, payments made in the national payment systems (RTGS and Net-system in national currency) reached values respectively PLN 8 865 bn and PLN 10 025 bn. While the value of payments made on behalf of financial institutions amounted to PLN 5 200 bn in 2010 and PLN 6 600 bn in 2011. The Bank also carries out substantial payments in EUR and USD.

Taking into consideration the abovementioned, BRE Bank has a very material interest in the development of a sustainable and fair regulatory environment for intraday liquidity management that minimise risk to the financial system. BRE Bank supports the idea of implementing indicators which will help supervisors to gain a better understanding of banks' payment and settlement behavior and their management of intraday liquidity risk.

BRE Bank is generally in favour of the measures outlined in this Consultation Paper but there is scope for further clarification and consideration in some areas. For example:

#### **General remarks:**

1. The Consultative Paper defines time which should be used in calculation of intraday liquidity indicators -it will be a settlement time. We would like to emphasize that Polish Banks do not have information of settling payments in another bank in real-time (refers to both direct and indirect participation). We have only a time of shipment to the domestic system.
2. Would it be acceptable to interpret a draft of recommendations in such a way that banks could make assumption that foreign currencies, in which turnover is virtually immaterial are excluded from regular and separate limits monitoring. That policy would be implemented after detailed internal analysis and acceptance of this approach by local banks supervisory authority.





3. Would the solution mentioned above be acceptable for foreign currencies, in which settlements are conducted in different time zone than those adequate for the bank, and the bank's operations can't be considered as global. Moreover those settlements would be carried out by local correspondent banks.
4. Is the bank allowed to exclude Loro counterparty banks' payment instructions from analysis of "Intraday credit lines extended to financial institutions customers" or "daily maximum liquidity requirement" in case when the counterparty bank pledges additional assets as a collateral of intraday credit line and which collateral increases the volume of the bank's most liquid assets that can be in the future placed by the local Bank with the local Central bank. In this case only net exposure (collateralized) would be taken to analysis.
5. In the document there is no clear definition of a financial institution which some of the liquidity indicators proposed by BCBS refer to. Should the banks use the 'general' definition of financial institution stipulated in CRD IV, however more adequate seems to be a definition of financial client used to calculate liquidity ratios in CRD IV (Liquidity Coverage Ratio and Net Stable Funding Ratio). Lack of unified definition may result in considerable discrepancies between banks in interpretations so that the comparison of the results of intraday liquidity indicators might be impossible.

Generally it seems necessary to arrange meetings with the local supervisor to determine particular definitions (in order to avoid discrepancies in defining terms between the banks).

#### **Requests for Part II (The intraday liquidity monitoring indicators)**

Indicators: ***Daily maximum liquidity requirement, Available intraday liquidity, Total payments***

Point 15 - how to treat payments sent to a net system (for example SEPA or on Polish Market ELIXIR)  
- as an aggregate value of session at the given moment in time (net position for bank) or as single outgoing/incoming payments in time (list of payments)

Point 17 - the Polish Banks don't have any information about settlement time of payment in other banks, they can acquire info about the time of shipment to the domestic system. It will be the time of debit/credit bank's current account held in Central Bank or on current account in the RTGS system. In case of indirect participant it is impossible.

Indicator: ***Time-specific and other critical obligations***

Which COT (cut of times) are taken into consideration:

- internal (COT in the bank)
- external (COT of domestic systems including COT of clearing institutions)
- non-standard contracts with a customer for outgoing payment (special COT)

Indicator: ***Intraday credit lines extended to financial institution customers***

Please describe the rules how banks should indicate 5 strategic financial institutional customers (basing on quantity of payments, turnover, value, calculated quarterly, monthly)?



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We appreciate the opportunity to address and comment on the issues raised by this consultation paper. Please contact if you have comments or questions regarding BRE Bank remarks.

Yours faithfully,

Deputy Director

Treasury Department

Tomasz Wołosz

BRE Bank SA  
Senatorska 18  
Warsaw, Poland

For the attention of:

Polish Financial Authority (Komisja Nadzoru Finansowego)

