



POLISH BANK ASSOCIATION

Kruczkowskiego 8, PL 00-380 Warsaw, phone: +48 22 48 68 180, +48 22 48 68 190, fax +48 22 48 68 100, e-mail: info@zbp.pl, www.zbp.pl

Warsaw, 11-Sep-12

Secretariat of the Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002 Basel
Switzerland
baselcommittee@bis.org

RE: Polish Bank Association position on BCBS Consultative Document "Monitoring indicators for intraday liquidity management"

Dear Sir/Madam,

The PBA welcomes the opportunity to share its views with the Basel Committee on the proposal for a framework on monitoring indicators for intraday liquidity management. We would like to present responses to the specific questions posed:

Q1: Do the proposed indicators adequately capture the intraday liquidity risk run by banks?

In our opinion the time indicators as: 'time-specific and other critical obligations' and 'timing of intraday payments', will be hard to be used in intraday liquidity management by some banks because of lack of periodicity in the daily outflows.

Also creating intraday liquidity management we shall consider such factors like level of automation in the bank and structure of the clearing and settlement system. If the bank has good straight through processing proposed measures can be a picture of liquidity management. If the bank processes payments with manual intervention or input proposed measures give mixed picture of operations and liquidity management. Some clearing systems can be significant for operations but quite immaterial for liquidity like in Poland -

low value payment system ELIXIR processes transactions in comparison with high value payment system SORBNET in number - 500:1, but in value - 1:17.

Q2: Are the stress scenarios identified in the paper comprehensive?

In our opinion the stress scenarios described are comprehensive enough. Notwithstanding of that, scenario (i) Own financial stress should aim at defining the maximum amount that could be deferred and/or line withdrawn by the counterparties but the bank would still avoid deferring its own payments.

Q3: Is the proposed scope of application of the indicators clear?

1. We suggest that the time indicators should be calculated not every hour but the bank should have autonomy in setting the calculation intervals (we suggest maximum 4-5 times per day). More frequent time indicators calculation will cause a significant slowdown in settlement systems. Considering the structure of the clearing and settlement system in Poland we shall rather think about 4 intervals where breakdowns are net settlement sessions of low value payment system ELIXIR when funds are blocked in high value payment system SORBNET and the bank has limited possibility for liquidity management on his account in zloty.
2. It shall be also included clear guideline how to treat payment where there is time difference between settlement party register and the bank register when the interface between parties is not real on-line. This problem is immaterial for intraday liquidity management but it is real for reporting of projected measures
3. We suggest that the indicators should be reported only for significant currencies which can be defined as that currency where e.g.:
 - maximum value from the all assets and all liabilities in that currency exceeds 5% of all liabilities for all currencies or
 - liabilities (with funding from derivatives) in that currency exceed 5% of all liabilities for all currencies.
4. We also suggest that the banks should apply the indicators and report them on individual currency basis only for significant currencies.

Q4: What, if any, implementation challenges would the proposed reporting requirements present to banks?

We suggest that banks should have adjustment period to challenge the implementation and after that the intraday indicators should be calculated but not required to be reported on a

regular basis during the first year of application, because the banks need more time to adapt to report the indicators.

In our opinion the implementation of suggested time indicators in banks (without slowing down of settlement systems) will be time-consuming and quite expensive.

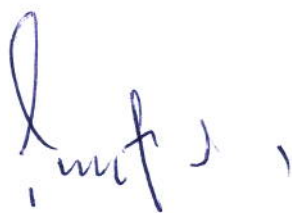
Q5: Are the different monitoring and reporting requirements for direct and indirect payment and settlement system participants clear?

In our opinion they are quite clear.

<u>Additional questions and suggestions:</u>

C.(iii) Scope of application: organizational structure

1. Taking into account legal constraints to transferring intraday liquidity among different entities (also within the same capital group) we suggest that the indicators should be reported on individual basis, for each institution defined, according to the draft of CRR IV, as banks in the European Union.
2. The reporting requirements, should be limited to a few core variables, and reflect the scale and complexity of the activities in the individual institution.
3. We also would like to draw Your attention to the fact that monitoring intraday liquidity is not currently possible in an automated manner. Banks will have to make additional investments in infrastructure to be able to adapt to the new regulations. From this perspective, it would be required to use a sufficiently long transitional period for the introduction of appropriate improvements.



Krzysztof Pietraszkiewicz

President of Polish Bank Association