

SmartStream launches platform for intraday liquidity stress testing on demand

Source: SmartStream

SmartStream Technologies, the financial Transaction Lifecycle Management (TLM®) solutions provider, today announced the launch of its Intraday Liquidity Stress Testing module, part of the TLM Cash and Liquidity Management suite of products.

Carrying out a stress test and running it can take up to eight weeks, with the new module it allows banks to run this in minutes - which is essential for refining the scenario, making real-time decisions, reporting and risk analysis.

SmartStream commissioned research from Baringa Partners, a management consultancy firm, and the report highlighted that if a bank could cut its liquidity buffer by \$6bn, it may save as much as \$50m per year. There is a clear need for banks to carry out stress testing to improve profitability and reduce operational effort to meet the regulatory requirements. With these considerations in mind, SmartStream developed the new module to provide stress test results immediately. The product is available as standalone or via the cloud. The pandemic and the turbulent conditions have made this type of stress testing more essential and re-enforced the value of such a solution to banks.

Nadeem Shamim, Head of Cash and Liquidity, SmartStream, states: "The research carried out by Baringa Partners in conjunction with the development of our new module has created a great deal of interest in the market, we are currently having many detailed conversations with banks where the ability of a comprehensive solution with the flexibility of testing different stress scenarios is critical. Also the current turmoil in the market has had a big impact on a bank's liquidity - so the ability to model the potential impact of such occurrences is no longer simply a regulatory box-ticking exercise, but a matter of self-protection and even of survival for many financial institutions".

Simon Gray, Director, Baringa Partners, says: "The research identifies that it's no longer about meeting intraday liquidity reporting requirements, banks are now seeing value in stress testing and having the tools to carry out complex scenarios with a high degree of accuracy for making more informed decisions. In addition, the findings revealed that it has gone from being a regulatory burden to creating a stringent, active framework within which to manage liquidity risk. By simplifying the complex and time-consuming testing process, SmartStream's solution allows banks to run a variety of stress scenarios in a short space of time, which is critical".