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# Building resilience through real-time liquidity management

As a society, we rely heavily on banks to keep our financial systems running smoothly. However, recent events have shown that there is vulnerability in the system and even the most established and reputable banks are not immune to turbulence. With the failures of Silicon Valley Bank, Signature Bank and Credit Suisse still fresh in our minds, it's clear that banks need to be proactive when it comes to safeguarding their liquidity.

As someone who closely follows developments in the banking sector, I believe that real-time cash and liquidity management is key to ensuring the resilience of the banking system. By having a clear understanding of their cash and liquidity positions, banks can identify potential risks and take steps to mitigate them. This requires a cash management solution that provides real-time insights into account activity and allows treasury teams to monitor receipts and anticipate potential failures.

Typically, banks' treasury have a good understanding of:

- what the projected liquidity need is in the morning;
- what liquidity is available in each currency.

The challenge is the real time update and reconciliation between was projected and what has actually happened on the account. The key being able to understand unexpected events. This insight is critical when there is a large, unexpected outflow, e.g. run on the smaller banks seen recently where customer withdrew their monies. As such, the ability to know:

- what was expected to flow from the account that has not happened so far;
- what has been paid or received that was not projected.

...are critical.

However, it's not just banks themselves that need to be proactive. Regulators, such as the Fed, are also reviewing regulations to ensure that banks are adequately prepared for potential crises. The Dodd-Frank law, which overhauled the US financial regulatory system in 2010, lifted the threshold for banks deemed "too big to fail" from $50bn to $250bn in assets. This threshold is now being reviewed, potentially exposing regional and smaller banks to more stringent regulations, including intraday liquidity management.

In light of these challenges, I believe that cash and liquidity solutions can help banks achieve their goals. By deploying the latest technologies firms can effectively addresses operational processes, supports regulatory frameworks, manages and monitors liquidity in real-time, and provides alerts to highlight any operational limit breaches. By reconciling transactions in real-time, it enables banks to stay ahead of potential liquidity shortfalls and maintain resilience in times of crisis.

As we continue to witness turbulence in the banking sector, it's crucial that banks take proactive steps to safeguard their liquidity. By adopting real-time cash and liquidity management practices, banks can ensure that they are adequately prepared for potential crises and maintain the trust and confidence of their customers. Overall, the banking sector is facing some tough times, but with the right tools and strategies in place, banks can weather the storm and emerge even stronger on the other side.