

INDICATOR OF LIQUIDITY IN CREDIT INSTITUTIONS

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Abstract:

Banking Liquidity- the ability of banks to meet at any time, obligations on behalf of clients as well as its own.

In order to determine the actual liquidity, balance sheet assets and commitments received by the bank revealed off the balance sheet is divided, the bands maturity as:

- *Balance sheet assets with a maturity of the (house and other assets, current accounts with central banks, demand deposits with central banks, correspondent accounts with banks, demand deposits with banks) including attached claims are on the first band due to the amount accounts, reduced where appropriate by provisions established;*
- *other assets with a maturity of the (current accounts receivable) and attached claims are on the first band due to an adjusted value.*

Key words: *liquidity, obligations, credit institutions*

JEL Classification: *G21*

Bank liquidity is the ability of banks to meet at any time, obligations on behalf of clients as well as its own. Liquidity indicator is calculated on all bands and maturity, as the ratio between the actual and necessary liquidity. The lower limit is 1 indicator of liquidity, both overall and for each maturity band.

Balance sheet assets, liabilities and commitments received sheet or off balance sheet data shown are sorted into bands according to maturity remaining elapsed time. There are five maturity bands:

Band I: length less than or equal to 1 month.

Band II: length less than or equal to 3 months but less than 1 month.

Band III: length less than or equal to 6 months but less than 3 months.

Band IV period exceeding 12 months but less than 6 months.

BandV: longer duration of 12 months.

Actual liquidity is the sum, each maturity band, the balance sheet assets and liabilities received, highlighted off-balance.

Liquidity should be the sum, each band matured obligations and commitments data sheet, off balance sheet highlighted.

When registering a surplus of liquidity in any maturity bands, except the last strip, it will add liquidity to the actual band for the following maturity.

In order to determine the actual liquidity, balance sheet assets and liabilities received from off-balance bank raised is distributed, the bands maturity as follows.

Maturity at the balance sheet assets (house and other assets, central bank current account, demand deposits with central banks, correspondent accounts with banks, demand deposits with banks) including attached claims are on the first band due to the amount accounts, reduced where appropriate by provisions established;

Other assets with the maturity of the (current accounts receivable) and attached claims are on the first band due to an adjusted value.

Adjusted value = book value less provisions established by the adjustment coefficient * (1-k1)

Coefficient K1 = outstanding credit balance associated non-bank customers "doubtful and loss / Total loans to customers in non-bank balance to be drawn on reporting.

Securities in the portfolio, including claims attachments, are on the first band due to an adjusted value as follows:

- 50% of book value, less where applicable with provisions established for variable income securities (registered securities transaction or investment) entered the stock exchange listing of countries in category A or in Romania.

- 90% of book value, less where applicable with provisions established for fixed-income securities (registered securities transaction, investment or investment) with a maturity of up to 1 year including securities issued or guaranteed by central government bodies in countries Class A share listed on a stock exchange of countries in category A or in Romania.

- 90% of book value, less where applicable with provisions established for fixed-income securities (registered securities transaction or investment placement) with a maturity of up to 1 year including negotiable securities issued or guaranteed by central government bodies Romania.

- 70% of book value, less where applicable with provisions established for fixed-income securities (registered securities transaction, investment or investment) with maturity over 1 year issued or guaranteed by central government bodies in countries in category A share listed on a stock exchange of countries in category A or in Romania.

- 70% of book value, less where applicable with provisions established for fixed-income securities (registered securities transaction, investment or investment) with a maturity greater than 1 year, negotiable securities issued or guaranteed by central government bodies in Romania.

- 60% of book value, less where applicable with provisions established for fixed-income securities (registered securities transaction, investment or investment), other than those above, included in a stock exchange listing of countries in category He or Romania.

These titles will be considered provided they are not affected guaranteeing bank loans received, under repurchase transactions or lending, or technically not part of the guarantee ceiling unilaterally established by the central bank for final settlement multilateral interbank clearing operations.

Fixed or variable income securities subject to release the loan transactions are recorded on tapes of maturity at book value, less where applicable with provisions established and will be considered only if they meet the following conditions:

- entered the stock exchange listing of countries in category A or in Romania
- are issued or guaranteed by central government bodies in Romania

Outstanding loans related to non-bank customers, classified into standard categories and comments, including interest arrears and debt related attachments, are on the first band due on a value obtained by applying the adjusted book value provizionele reduced by a coefficient of adjustment (1-k1).

Outstanding loans and investments related to banking customers classified as standard including interest arrears and debt related attachments, are on the first band due on a value obtained by applying the adjusted book value reduced by the provisions of an adjustment coefficient (1-k2)

$K2 = \text{coefficient outstanding balance of loans and investment banking clients related loss category} / \text{Total loans and related investments on customers bank balance}$ is drawn up for reporting.

Current loans and receivables related attached non-banking customers entered the bands due to a value obtained by applying the adjusted book value reduced by the provisions of an adjustment coefficient (1-k1).

Credits from repurchase operations are on the tapes delivered to maturity at book value, less where applicable with provisions established, will be considered if a fixed or variable income securities associated with these operations satisfy the following

conditions:

- entered the stock exchange listing of countries in category A or in Romania
- are issued or guaranteed by central government bodies in Romania and not subject to play in board operations.

Other categories of assets other than those above and only interbank deposits as part of unilateral guarantee technical ceiling set by the central bank for final settlement of interbank multilateral clearing operations, maturity bands is distributed according to the remainder The elapsed, the book value reduced as appropriate to the provisions established.

Commitments to guarantee any security nature, avalurilor and received guarantees from other banks, run on demand or for which a term of validity, are on the first band due to an adjusted value.

Adjusted book value * value = coefficient K3.

Commitments to guarantee any security nature, and other avalurilor guarantees received from banks will be taken into account only if they are irrevocable and unconditional.

Coefficient K3 = average balance of commitments received irrevocable and unconditional guarantee, the performance of which was sought by the bank during the 6 months preceding the month and received within 30 days from the date on which enforcement was sought / average balance commitments received irrevocable and unconditional guarantee, as calculated for a period of 6 months preceding the month.

Average Balance counter = simple arithmetic mean of the balances monthly

Average Balance denominator = simple arithmetic average of average monthly balances.

Average monthly balance = Monthly average balance of outstanding commitments simple arithmetic mean irrevocable and unconditional guarantee registered in 1,7,15,23 and the last day of the month.

Received funding commitments and commitments on securities delivered maturity bands is distributed according to the remainder of elapsed, at book value.

Securities delivered are on the bands maturity and are counted only if they meet the following conditions:

- entered the stock exchange listing of countries in category A or in Romania
- are issued or guaranteed by central government bodies in Romania

Commitments to guarantee any security nature, avalurilor and guarantees received from other banks, which are fixed maturities clear, maturity bands is distributed according to an elapsed time remaining amount obtained by applying the adjusted book value of the coefficient k3.

In order to determine the necessary liquidity, balance sheet obligations and commitments outlined in the bank off balance sheet is divided, the bands maturity as follows:

- Balance sheet obligations with regard to maturity (the correspondent bank accounts, demand deposits of banks, current accounts payable, customer deposits of), sign up on the first band due to an adjusted amount if the adjusted value > 0 and be taken into account if the adjusted value ≤ 0 .

Adjusted current value = current balance at the end of the month - calculated average balance over a period of 6 months preceding the month

Simple Arithmetic Average Balance = average monthly balances
Average monthly balance = simple arithmetic average of the balances recorded at 1, 7, 15, 23 and last day of.

If during the observation period prior to reporting indicator bank liquidity reserves or deficits in the month preceding the month reporting record levels of solvency indicators

below the minimum set of rules NBR, then these types of obligations will balance go to book value.

- Debt obligations attaching to these categories are part of the first band matured at book value.

- Other categories of balance sheet obligations, the maturities are distributed according to the remainder of elapsed, at book value.

Sheet obligations arising from reverse repurchase transactions are counted when the transactions are made in securities other than those specified in the actual liquidity. For off-balance sheet commitments highlighted data will not be taken into account with deposits guaranteed by collateral.

For letters and other documentary credits will be considered by the funding source is a credit line granted by the bank.

- Enforceable commitments to guarantee spot predicted a fall deadline for validity first band due to an adjusted value.

Adjusted book value * value = K4

K4 coefficient = average balance of commitments given irrevocable and unconditional guarantee, the performance of which the bank was required during the 6 months preceding the month / average balance of irrevocable and unconditional guarantee commitments given, calculated for a period of 6 months prior the month.

Average Balance counter = simple arithmetic mean of the balances monthly
Average Balance denominator = simple arithmetic average of average monthly balances
= Monthly average balance of outstanding commitments simple arithmetic average of irrevocable and unconditional guarantee data recorded at 1, 7.15, 23 and the last day of the month.

Financing commitments given and received commitments on securities is distributed according to the maturity bands remaining elapsed time, at book value.

Irrevocable and unconditional commitments to guarantee any security nature, avalurilor and other guarantees given to other banks and guarantees customer data, which are under certain maturities, maturity bands are allocated on the basis of elapsed time remaining on a value obtained by applying the adjusted book value of the coefficient K4.

To determine economic groups of people linked together, are considered alternatively or cumulatively, the following situations:

- are affiliated
- have the same driving
- direct commercial interdependency which can not be substituted in the short term
- are members of the same family.

Interbank liabilities other than loans and financing commitments outlined in the bank off balance sheet, liquidity risk is to a single person.

Where the bank is eligible to be classified in two categories of people simultaneously to liquidity risk are calculated, they are included in the category to which the bank recorded maximum exposure.

If the high level of liquidity risk to a single person exceeds 15% of total balance sheet obligations other than loans and funding commitments data bank, raised off the balance sheet is calculated by recording the necessary liquidity at book value balance sheet obligations with regard to maturity, it is to that person.

Strengthening bank level data to calculate the indicator of liquidity and liquidity risk in order to report to the NBR, is made by the Controlling Department on files received from the direction of Central and Major Corporate Branch.

Breakdown by maturity bands made by ISD iBank system using information and the directions provided by the Central and Great Clients by Branch Corporativi. In this:

- Investment Division and Heritage Management creates files with repayment schedules of loans handled by them.
- Major Corporate Branch file creates loan repayment schedules, file storage, file portions.
- Factoring Division remitted sharing files with the bands due trade receivables managed.

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