



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

PRESS RELEASE

6 February 2019

ECB Banking Supervision conducts sensitivity analysis of liquidity risk as its 2019 stress test

- Exercise focuses on banks' ability to handle idiosyncratic liquidity shocks
- Results will inform the Supervisory Review and Evaluation Process liquidity assessment

The European Central Bank (ECB) has today launched a sensitivity analysis of liquidity risk to assess the ability of the banks it directly supervises to handle idiosyncratic liquidity shocks. The exercise will constitute the supervisory stress test of 2019. The results of the exercise will feed into the ECB's ongoing supervisory assessments of banks' liquidity risk management frameworks, including the Supervisory Review and Evaluation Process (SREP). However, the outcome of the stress test will not affect supervisory capital and liquidity requirements in a mechanical way.

ECB Banking Supervision will test adverse and extreme hypothetical shocks in which banks face increasing liquidity outflows. The exercise will focus on banks' expected short-term cash flows to calculate the "survival period", which is the number of days that a bank can continue to operate using available cash and collateral with no access to funding markets.

The sensitivity analysis, which is expected to be completed in four months, will focus solely on the potential impact of idiosyncratic liquidity shocks on individual banks. It will not assess the potential causes of these shocks or the impact of wider market turbulence. The exercise will be carried out without any reference to monetary policy decisions.

The results will inform the supervisor about the relative vulnerability of banks to different liquidity shocks applied in the exercise and will also identify improvements needed in banks' liquidity risk management.

For media queries, please contact [Esther Tejedor](#), tel.: +49 69 1344 95596.

European Central Bank Directorate General Communications
Global Media Relations Division, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, e-mail: media@ecb.europa.eu, website: www.ecb.europa.eu

Reproduction is permitted provided that the source is acknowledged.

PRESS RELEASE / 6 February 2019

ECB Banking Supervision conducts sensitivity analysis of liquidity risk as its 2019 stress test

Notes:

- The ECB, in cooperation with the European Banking Authority, conducts stress tests of its supervised banks every two years, with the last one [in 2018](#). Between those stress tests, the ECB conducts more focused exercises. In 2017 the ECB conducted an analysis focused on the [effects of interest rate changes](#).

European Central Bank Directorate General Communications
Global Media Relations Division, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany
Tel.: +49 69 1344 7455, e-mail: media@ecb.europa.eu, website: www.ecb.europa.eu

Reproduction is permitted provided that the source is acknowledged.