Survival Period

FlexFinance powered by FERNBACH

The period that the bank is able to survive without additional financial means is calculated. The period is also called the ‘survival period’. Different assumptions about customer behaviour can be combined in FlexFinance and the effects on the liquidity gap analysis can be analysed. For example, the following scenarios can be considered:

- It is assumed that planned repayments from customers are not received for loans.
- 100% of own sight deposits and reserves can be used to improve liquidity.
- Investments in other companies may be sold at a discount.
- The possibility of the x largest debtors defaulting (e.g. the 10 largest debtors) can be simulated.
- An outflow of 100% of funds within a period such as one month can be assumed for current accounts, savings and sight deposits.
- It can be simulated that 100% is deducted prematurely for time deposits which then leads to an additional unplanned outflow.

The liquidity gap analysis is then created in FlexFinance on the basis of the contractual cash flows as well as these scenarios. The Forward Liquidity Exposure (FLE) can then be used to directly pinpoint the period during which the bank can survive without additional cash inflows.