

ECONOMICS
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Namestnikov A.S. Advantages of transfer price formation usage in commercial bank

The ongoing worldwide financial market instability leads to intricate banking risk management. Volatile exchange rates and interest rates significantly increase banking risks including currency, interest and liquidity risk. Currently both regulatory entities and bank management pay much attention to commercial bank liquidity levels. Insufficient liquidity may result in insolvency, although excess liquidity results in understated income from the liquid assets surplus. Funds transfer pricing allows commercial banks to effectively control currency, interest and liquidity risks as well as resolving other management issues.

Key words: transfer price, funds transfer pricing, liquidity, liquidity risk, assets and liability management, banking risks, Treasury.

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