



The Central Bank of the UAE launches “Intraday Liquidity Facility” (ILF)

Abu Dhabi (08 April 2021): The Central Bank of the UAE (CBUAE) announced today that, effective 21 April 2021, a new liquidity management facility, ILF, will be introduced as part of the implementation plan of the new Dirham Monetary Framework.

The objective of the facility is to provide eligible counterparties – participants in the UAE Funds Transfer System - access to AED funding from the CBUAE on an intraday basis, to ensure that payments are settled on a real-time basis.

To obtain intraday funds from the CBUAE, participants in the UAE Funds Transfer System are required to submit eligible collateral, as per the requirements set out in the terms and conditions of the new facility. The ILF will be offered at zero-cost in order to incentivise Eligible Counterparties to repay borrowed funds by the designated cut-off time at the end of each business day.

Commenting on the launch of the ILF, H.E. Khaled Mohamed Balama, Governor of the Central Bank of the UAE, stated: “The launch of the Monetary Bills programme earlier this year, along with the existing Islamic Certificates of Deposits programme, facilitates the development of this innovative facility. I am confident that the financial markets infrastructure deployed for this facility will not only enable licensed financial institutions to mitigate intraday liquidity risks when there are timing mismatches between their daily inflows and outflows, but also help increasing efficiency of payments through the UAE Funds Transfer System.”

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