Independent Study Title	LIQUIDITY RISK MANAGEMENT AND CREDIT SUPPLY IN ASEAN COMMERCIAL BANK EVIDENCE FROM MALAYSIA SINAPORE AND THAILAND
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ABSTRACT

The strategy of liquidity risk management of Commercial banks in ASEAN involves four key drivers of liquidity risk management for banks; illiquid assets, core deposits, equity capital and loan commitment. Using panel dataset of 48 commercial banks operates in ASEAN3, including 22 banks in Malaysia, 7 banks in Singapore and 19 banks in Thailand during 2001 to 2013. Due to the hypothesis that tight liquidity conditions, we interact the TED Spread as crisis indicator with all four measures of liquidity risk exposure on the financial crisis periods.

The result demonstrates that the banks cannot increase liquidity by holding more liquid asset and continue to lend at the same time. Simultaneously, the banks with greater unused commitments that expose to liquidity risk, tend to increase liquid asset as a buffer against shock and decrease new lending. Considering bank runs theory, the banks with stable source of fund are less-constrained to lend during the crisis. The result suggests that core deposit is very important when liquidity is tight and assists banks to sustain lending during crisis.

Keywords: Liquidity Risk Management; New lending; Credit supply; ASEAN banking system