

<b>Client</b>	The client is the Corporate and Investment Banking Business Unit of an international banking group
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<b>Project Name</b>	Global Risk and Capital Reporting
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<b>Project Start Date</b>	March 2010	<b>Project End Date</b>	August 2010
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<b>Industry</b>	<input checked="" type="checkbox"/> Commercial banking	<input type="checkbox"/> Insurance
	<input type="checkbox"/> Fund Custody & Investment Services	<input checked="" type="checkbox"/> Investment banking
	<input type="checkbox"/> Private banking	<input type="checkbox"/> Asset and wealth management
	<input type="checkbox"/> Retail banking	<input type="checkbox"/> Corporate
	<input type="checkbox"/> Broker / Dealer	

<b>Category of Service</b>	<input checked="" type="checkbox"/> Performance measurement and monitoring	<input type="checkbox"/> Regulatory compliance and reporting
	<input type="checkbox"/> Portfolio risk management	<input checked="" type="checkbox"/> Business process improvement
	<input checked="" type="checkbox"/> Specialised risks	<input type="checkbox"/> Training and people change
	<input checked="" type="checkbox"/> Data Quality	<input type="checkbox"/> System selection and implementation

<b>The Challenge</b>	<p>The scope of the project includes the Corporate and Investment Banking Business Unit (BU) of an international banking group. As a result of organic growth and acquisition, the BU's risk and capital reporting has developed into a "cottage industry" with multiple overlapping reports being prepared across the BU, resulting in inefficiencies, inconsistencies, delays, and eventually a lack of MI (MI) conducive to decisive decision making.</p> <p>The project involves a review of existing risk and capital reporting across all risk types within the BU with a view to recommend, agree, and implement enhanced risk and capital reporting.</p>
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<b>Approach and Solution</b>	<p>avantage led the project and delivered the following work streams:</p> <ul style="list-style-type: none"> <li>• Work Stream 1: Provide advisory and implementation support to review the existing risk and capital MI provided to the Board; recommend and agree enhancements; and develop an enhanced Board Risk and Capital Pack; and</li> <li>• Work Stream 2: Review the existing credit and market risk reporting framework, including (i) governance, (ii) reporting, (iii) processes, (iv) data, and (v) analytics; recommend and agree enhancements; and implement these enhancements in a phased-in manner.</li> </ul> <p>avantage reviewed the existing risk and capital MI identifying 'tactical' and 'strategic' enhancement opportunities. With a view to maximise the added value of the project, advantage delivered a number of tactical and pragmatic enhancements resulting in (i) timely delivery of risk and capital MI for decision-making (as opposed to 'for information only') purposes, (ii) reduction in the number of reports being produced resulting in cost and time savings, (iii) greater alignment (as opposed to 'reconciliation') of risk and capital MI with Finance, and (iv) increased focussed on risk MI (as opposed to 'capital') conducive to risk-based</p>
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	<p>decision making.</p> <p>Upon completion of the project, advantage’s key deliverables included:</p> <ul style="list-style-type: none"> <li>• Work Stream 1: A review of the existing risk and capital MI provided to the Board as well as the Risk Committee. We recommended a concise and decision-making focussed risk and capital MI and developed a tactical solution for monthly production of a pan-BU Risk and Capital Pack using SAS (we also delivered the business requirements for the strategic solution). We ensured alignment of the indicators reported on with the risk and capital management framework embedded within the BU’s governance structure to support its objectives (i.e., adequate capitalisation both for regulatory and economic purposes, efficient use of capital, calibration of the business strategy in line with risk appetite, risk exposures, capital resources and return dimensions.</li> <li>• Work Stream 2: A review of the existing credit and market risk reporting framework, including (i) governance, (ii) reporting (in excess of 250 regular reports were being produced on a daily/weekly/monthly basis), (iii) processes, (iv) data, and (v) analytics. We recommended and agreed streamlining enhancements and implemented a tactical solution evidencing the added value of these enhancements and enabling a phased-in implementation of the strategic solution.</li> </ul>
<p><b>Results and Benefits</b></p>	<ul style="list-style-type: none"> <li>• Enhanced monitoring of the strategic objectives for the BU;</li> <li>• Enhanced monitoring and decision making to ensure that the BU operates within its approved risk appetite;</li> <li>• Improved integration of risk management, especially across market risk, credit risk, and counterparty risk;</li> <li>• More balanced approach to risk and capital metrics, i.e. less of an exclusive focus on capital (regulatory and economic) and better management of risk exposures.</li> </ul>
<p><b>Software used</b></p>	<p>SunGard Adaptiv, SAS</p>