

<b>Client</b>	The client is a wholly-owned subsidiary of a European banking group, specialising in private banking services and wealth management, including through a wholly-owned life insurance company.
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<b>Project Name</b>	Market Risk Diagnostic
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<b>Project Start Date</b>	March 2008	<b>Project End Date</b>	April 2008
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<b>Industry</b>	<input checked="" type="checkbox"/> Commercial banking	<input checked="" type="checkbox"/> Insurance
	<input type="checkbox"/> Investment banking	
	<input checked="" type="checkbox"/> Private banking	<input checked="" type="checkbox"/> Asset and wealth management
	<input type="checkbox"/> Retail banking	
		<input type="checkbox"/> Corporate

<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 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 client achieved significant growth over the last few years. Senior management determined that the bank’s market risk management practices needed to be reviewed to ensure that they were still adequate to identify, measure, and mitigate the risk of losses in on- and off-balance sheet positions as a result of adverse changes in market forces.</p> <p>The client requested the assistance of advantage in assessing whether the bank’s risk management practices were adequate based on (i) the current and planned activities of the bank, (ii) the increased volatility of financial markets, and (iii) regulatory requirements.</p>
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<b>Approach and Solution</b>	<p>Using its proprietary <i>Integrated Risk and Performance Measurement (IRPM)</i><sup>TM</sup> tool, advantage undertook a diagnostic of the client’s risk management practices in the area of market risk, including interest rate risk, equity risk, and currency risk.</p> <p>advantage assessed the quantitative and qualitative factors underpinning the market risk management framework, including the governance (e.g., independence of the risk management unit, involvement of management), the processes (e.g., the daily risk management processes), the management information (e.g., the risk dashboards), and the analytics (e.g., the models, back testing, stress testing).</p>
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<b>Results and Benefits</b>	The diagnostic provided senior management with an independent assessment of the bank’s actual capabilities as compared to regulatory requirements and the target state defined by management. The diagnostic, which was complemented by practical recommendations made by advantage, paved the way to immediate enhancements in the management and measurement of market risk.
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<b>Software used</b>	Not applicable.
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