

Client	The client headquartered in the UK, is one of the world's top 10 financial services groups. In the UK, the client is a leading provider of corporate banking services and is a market leader in the provision of retail banking, wealth management, consumer finance and insurance.
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Project Name	Basel II Subject Matter Expertise
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Project Start Date	October 2005	Project End Date	December 2005
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Industry	<input checked="" type="checkbox"/> Commercial banking	<input checked="" type="checkbox"/> Insurance
	<input type="checkbox"/> Investment banking	
	<input type="checkbox"/> Private banking	<input checked="" type="checkbox"/> Asset and wealth management
	<input checked="" type="checkbox"/> Retail banking	
		<input type="checkbox"/> Corporate

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

The Challenge	<p>The client had initiated a large program for the implementation of Basel II. The new capital adequacy framework was marking a significant move away from formulaic regulatory capital calculations to a more risk- and principles-based multi-pillared approach to capital management.</p> <p>The investment required to comply with Basel II was initially estimated to be unjustifiably high. The potential payback needed to be demonstrably worthwhile. Such justification was to take the form of a more sophisticated and systematic approach to risk management, and in turn a more informed and forward-looking basis for decision-making and greater strategic assurance in the face of the ever increasing complexities and uncertainties of modern banking business.</p>
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Approach and Solution	<p>avantage helped the client respond to the Basel II regulatory imperative, while building a risk and capital blueprint for the future that would outweigh the cost and burden of compliance. To this effect, advantage provided strategic and tactical advice in the following areas:</p> <ul style="list-style-type: none"> • Strategic and business impact assessment; • Gap analysis (supported by advantage’s proprietary Basel II Diagnostic Tool which provides a comprehensive assessment of Basel II gaps for all approaches); • Target operating model and systems architecture; • Project definition; • Risk and capital management framework; • Ratings validation (supported by a robust service offering and expert resources); • Credit and operational risk activities, including architecture, data inputs, data collection; • Financial reporting and disclosure (integration with International Financial Reporting
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	<p>Standards);</p> <ul style="list-style-type: none"> • Support and advice on regulatory matters; and • Training.
Results and Benefits	<p>avantage helped the client embed Basel II approaches and methodologies and develop more effective and business-orientated risk functions capable of delivering the business benefits of their investment in compliance.</p>
Software used	<p>Not applicable.</p>