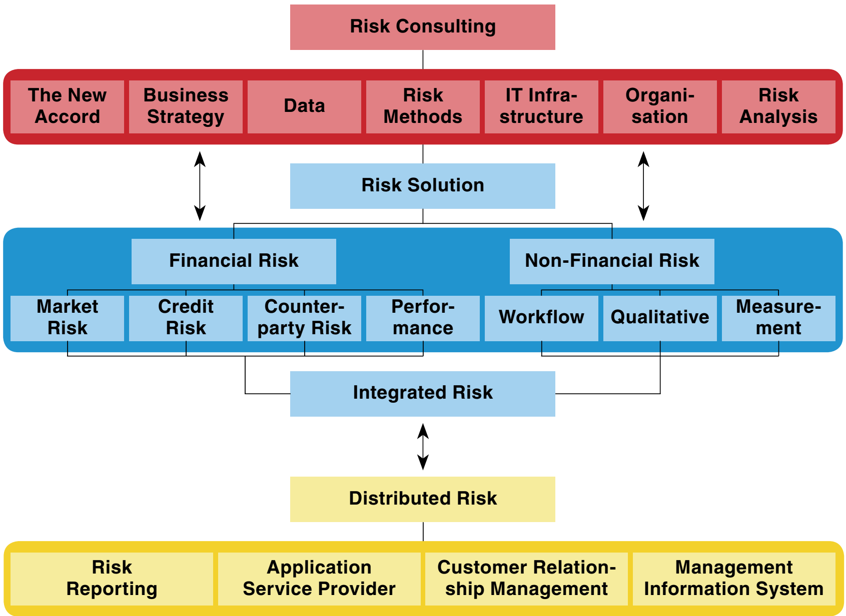
Risk Management

Optimise your profit with active, integrated risk management



IBM Risk Management Roadmap

Highlights

- ***Professional consulting and support for the entire value chain in risk management***
- ***International expertise for the control of overall bank, market, credit and operational risks***
- ***Practical and customer-oriented solutions***
- ***Professional technical expertise in flexible and innovative teams***
- ***Acceptance of responsibility for results***
- ***Mediation skills in the case of diverging positions***

Market trends in risk management

— *New regulatory requirements*

The Basel II regulations align economic and regulatory capital requirements. The implementation of the new requirements demands a high level of professional, organisational and technical investment in risk management.

— *Increased consideration of operational risks*

In order to meet the new regulatory capital requirements, operational risks (significant losses) will be considered to an increasing extent. Here, too, banks need to invest in all levels of risk management.

— *Collateral management reduces risks*

Standardised and recoverable collateral diversifies the address default risk. At the same time, trade limits with counterparts are released, which can be used for new business. With the implementation of standard software and correspondingly adapted processes, 'collateralised trading' can be expanded.

Integrated risk management

Risk management is a subject for the board of management and it must be implemented in all areas of the bank. Therefore, clear responsibilities and autohority, uniquely defined processes, qualified employees and active risk management are decisive for the qualification, quantification and control of all risks. It is only when aggregation of all risk figures is achieved across all company divisions and all risk management activities are integrated into the overall bank management/processes that 'risk-adjusted capital allocation' is possible and earnings and shareholder value can be increased in the long term.

IT systems as the basis for interdisciplinary risk management

Aggregation of risk figures, limit management and daily reporting require stable and scaleable production systems embedded in a modern IT architecture to support bank processes over the long term. The implementation of complex standard software and in-house risk management solutions can only be successful with partners that already have the professional business and technical expertise.

IBM Global Services Finance

IBM Global Services Finance takes on the responsibility for the results of projects and works together with customers over the long term. The Global Services Method, which is uniform world-wide, offers IBM standardised tools and work products that ensure high quality. Certified project managers guarantee efficient project management. Our teams have risk management expertise in the field of regulatory capital requirements (including Basel II) and in risk methodology, incl. parameter modelling for market, credit and operational risks.

In collaboration with business analysts, our IT architects and specialists implement the business concepts by using future-oriented technologies and by integrating operative systems in a bank-wide IT risk architecture.

Selected reference projects

- *Evaluation of Basel II requirements, gap analysis and design of an IT risk architecture based on the defined business requirements*
- *Implementation of a bank-wide standard software for market risk management and for internal and external reporting requirements*
- *Conception of a credit process in an investment bank, incl. limit systematics, exposure measurement methodology and derivation of algorithms for limit allocation*
- *Software selection, business and IT concept and implementation of standard software for limit management within a large German commercial bank, incl. 'pre-deal limit check' for the traders*
- *Collateral Management (CM) Policy, software selection and implementation of a CM system*
- *Design of an IT architecture for integrated management of market and credit risks*
- *Development of a credit decision model for the corporate customer segment of an investment bank*
- *World-wide implementation of a newly designed credit process for the corporate customer segment, incl. a newly developed rating model.*

For more information

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