

Regulatory Compliance being need of the day, a large bank in Saudi Arabia, goes live with Intellect Basel III

Increased regulatory pressures and evolving regulatory frameworks demanded novel approaches to Liquidity Risk Management. As technology advances, banks throughout the world consider managing liquidity risk as a major challenge and are increasingly looking to implement advanced technology to efficiently manage liquidity risk in addition to the added value they can bring over traditional solutions.

A large banking firm in Saudi Arabia, has grown into an international financial services group with an expanding regional and global presence spanning the GCC, South Asia, Europe including London, Dubai, Qatar and Pakistan. It is one of the region's largest and most acclaimed financial services groups with an unrivalled reputation for world class solutions comparable with the best of the world.

As per the regulatory needs prescribed in the country, the bank had to adhere and comply with the Basel III Liquidity Risk regulations. The existing process did not support the changing needs in the business environment. The entire regulatory mechanism was based on spreadsheets which contributed to making the process cumbersome, inefficient and time consuming. Also, since the reporting was done on a monthly basis, real-time generation of such reports was not possible.

In order to not only monitor but also manage the firm's liquidity in a complex environment, Intellect's BASEL III solution was implemented. The solution has revamped the entire risk management process by offering an end-to-end integrated and automated system which has led to reduction in human error and increase in operational efficiency giving way to tighter control over financial risk management and accuracy of reporting. The solution is tailor-made to meet BASEL III regulations. Major regulatory changes can now be accommodated with the flexible user driven rule engine for classification and computation of LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) without system re-engineering.

The solution has aided the bank in improving transparency on liquidity positions and risk exposure. It enables liquidity risk data analytics using comparison reports across different time frames along with an integrated risk calculation engine offering better control in liquidity management.

The Basel III modules implemented are -

- Risk rule configuration engine
- Daily LCR and NSFR computation and reporting module
- Monitoring tools reporting module

Benefits:

- 1) Proactive / on demand risk reporting with support for historical data analysis
- 2) Strategic data-driven solution with complete drill down capabilities
- 3) Facility of report generation on a daily basis, by integrating with different source systems
- 4) Customized reports to fit requirements of internal stakeholders
- 5) Effective tool by Bank's Top Management and Asset Liability Committee for pricing their products, decision making and capital planning