

IBM Algo Credit Manager Single View of Risk

Simplify decisions and
compliance with a single
organizational view of risk

**Watson
Financial
Services**



Highlights

- Improve sophistication of credit risk management aligned to regulatory compliance
- Improve portfolio surveillance and early warning indicators
- Choose automated or on demand risk reporting
- Help reduce the cost of credit IT
- Help ensure agility while maintaining IT governance

Lenders need a single view of risk and the ability to control it at reduced cost

The financial services industry continues to face a growing mountain of regulations. Even lenders not directly affected by regulations are expected to abide by the spirit of those rules, regardless of bank size. One of the most significant areas of concern is risk assessment.

Risk posed by connected counterparties and their impact on the market is particularly difficult to monitor, which is why the regulators demand such a focus on this area. Both the Basel Committee in Banking Supervision and regional regulators are requiring more transparency into these connected relationships and how much risk they pose. As markets change due to disruptive entrants, the emphasis has shifted to active monitoring of potential concentrations as the primary consideration for lenders of all sizes.

These new demands create problems in gathering and monitoring data in a simplified, cost-effective way while maintaining confident decision-making and communications with regulatory boards. Lenders need a single view of all risk and the ability to control it at a reduced cost.

Get a single sophisticated view of risk in a cloud-based solution

IBM® Algo Credit® Manager Single View of Risk is an end-to-end solution that enables banks to effectively identify, price, control and monitor credit risk across both banking and trading books. This cloud-based solution helps map all counterparty and transaction-level data held across an organization into a simplified set of data records that allow a lender to accurately identify, illustrate and report on overall exposure. It is designed to provide an instant and comprehensive view of counterparty and portfolio concentration risk across the organization through multiple hierarchies.

Algo Credit Manager Single View of Risk also proactively monitors exposure on at least a daily basis, as expected by the regulators, through automated appetite limit management and monitoring. These activities can provide early alert techniques that forewarn you of potential significant changes to your portfolio.

Delivered as an enterprise-wide credit risk management platform for risk, portfolio and relationships managers alike, users benefit from a streamlined approach to data collection, monitoring and management. The result is reduced data redundancies, increased information accuracy and precision in decision-making, and fewer labor-intensive activities than typically experienced with multiple manual systems.

Help meet regulatory guidelines and internal policies using simplified data structures and analytics

Many global and regional entities impose detailed regulations, such as the Basel Committee on Banking Supervision large exposures, or the regional equivalents of the Federal Reserve’s single-counterparty credit limits, the US Department of the Treasury Office of the Comptroller of the Currency (OCC) concentrations of credit handbook, or Europe’s common reporting large exposure guidelines.

A truly effective solution must support, measure and manage large or connected counterparties to limit exposures, and monitor these relationships on an ongoing basis to mitigate the effect of any financial problems relating to one or more of these organizations.

In addition, the assessment should extend across all asset classes, product types and industry sectors. The solution must also understand the many types of relationships that counterparties may share to help accurately determine the level of risk of a portfolio.

This type of complex analysis requires data modeling, decision support tools and comprehensive reporting capabilities. The IBM Algo Credit Manager Single View of Risk solution delivers all these capabilities.

“Last year, when concerns arose about one of our large financial counter parties, it gave us a perfect opportunity to test our new solution. With spreadsheet-based analysis, it took seven days to calculate our total exposure to that specific counter party. With IBM Algo Credit Manager, we got to the same answer in two minutes.”

Dale Vice
Head of Change, Barclays Africa

IBM Algo Credit Manager Single View of Risk: Features and benefits

Feature	Benefits
Improved sophistication of credit risk management aligned to regulatory compliance	<ul style="list-style-type: none"> – Regulatory compliance from instant access to a complete portfolio picture across your organization, beyond traditional portfolio and counterparty relationships – Increased transparency from aggregated exposures across multiple hierarchies spanning the whole portfolio, including counterparty, counterparty group, product set or internal bank structure – Improved data integrity, from common identifiers that map counterparties to external systems, and creation of complete credit hierarchies
Improved portfolio surveillance and early warning indicators	<ul style="list-style-type: none"> – Forward-looking credit risk metrics for anticipatory responses to market changes around the concentration and distribution of the portfolio – Reduced manual interaction, from automatic creation of limits aligned to regulatory guidelines to monitor exposures and credit risk across all hierarchies – Sentiment tracking of unstructured data for proactive risk rating management
Automated and on-demand management and regulatory risk reporting	<ul style="list-style-type: none"> – On-demand analysis and tracking to monitor portfolio conditions and key risks – Streamlined and transparent regulatory reporting – Strengthened risk management culture across the organization following easy access to more simplified and accurate information
Reduced cost of credit IT	<ul style="list-style-type: none"> – A cloud-based solution to help deliver reduced total cost of ownership (TCO) from a consolidated credit risk infrastructure – Streamlined service delivered through a web-based portal for a simplified user interaction
Help ensure agility while maintaining IT governance	<ul style="list-style-type: none"> – Configurable solution designed to be quickly modified by organizations as needed through simple front-end changes – Changes locked down to user access and fully auditable to help ensure strong IT governance

IBM Watson® Financial Services solutions can provide enhanced confidence

Incorporating decades of IBM risk expertise, best practices and technologies, IBM Algo Credit Manager Single View of Risk provides controls and insights to decision makers at multiple levels of a bank. By enabling more effective risk and reward management, this solution from Watson™ Financial Services gives decision makers the capabilities they need to help grow commercial loan volumes and improve profitability, while also helping protect the enterprise. The solution helps you transform risk and compliance management, so you can stay ahead of today's ever-changing regulatory environment.

About IBM Watson® Financial Services

IBM works with organizations across the financial services industry to use IBM Cloud, cognitive, big data, RegTech and blockchain technology to address their business challenges. Watson Financial Services merges the cognitive capabilities of Watson and the expertise of Promontory Financial Group, an IBM company, to help risk and compliance professionals make better-informed decisions to manage risk and compliance processes. These processes range from regulatory change management to specific compliance processes, such as anti- money laundering, know your customer, conduct surveillance and stress testing.

For more information

For more specifics about IBM Algo Credit Manager, please visit ibm.com/us-en/marketplace/risk-management-for-trading-and-banking.

To learn more about IBM financial risk and regulatory compliance solutions, visit ibm.com/RegTech and follow us on Twitter [@IBMFintech](https://twitter.com/IBMFintech)

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