

IBM Algo Workspace Analyzer for FRTB Reporting

A rapidly deployed FRTB reporting solution with interactive analysis to guide FRTB planning and accelerate overall implementation

**Watson
Financial
Services**



Highlights

- Rapid deployment: Start viewing typical enterprise-wide reporting with real data in a matter of weeks
- Adaptable aggregation: Rapidly load data from multiple front-office environments and risk systems, such as desk level capital and P&L numbers, risk limits and compliance reports, and more
- Regulatory reporting-ready: Start with preconfigured reports and flexibly extend as needed to meet FRTB requirements for internal and regulatory reporting
- Faster and more trustworthy queries than conventional relational databases: Use graph databases for “what-if” analysis that understand the semantics of dependencies across structured and unstructured data
- Efficient and economical computing: Minimize infrastructure and maintenance costs with distributed and resilient compute resources deployed as big data or grid computing environments

The Fundamental Review of the Trading Book (FRTB) is described as the most significant and complex update to market risk regulation in a generation. While the resulting capital charges will vary from bank to bank, they are widely anticipated to be potentially severe. The replacement of your existing risk infrastructure and disparate front-office systems to address FRTB requirements can be impractical due to time and budget constraints. Too often one of the biggest gaps in compliance is the ability to aggregate data from different sources to build FRTB reports and calculate capital charges.

IBM® Algo® Workspace Analyzer for FRTB Reporting provides the bridge to integration with a preconfigured aggregation and FRTB reporting solution to seamlessly connect with your diverse existing front-office trading systems. The software is designed to be deployed quickly with a configured data model and templates with FRTB data. In a short time period, with the introduction of fully interactive user analysis tools, banks can start exploring their impact. Taking different decisions and understanding capability gaps in data and models help guide the FTRB target operating model build and accelerate overall implementation.

Aggregation: Address the missing link between risk data from diverse systems, and regulatory reporting

Some financial institutions are exploring wholesale replacement of their market risk infrastructure to help meet new FRTB regulations. But the regulations themselves may continue to evolve, so a solution that works today might need several course corrections as the deadline approaches. The urgency to have systems in place sooner rather than later, however, makes wholesale replacement of a bank's risk infrastructure an expensive, time-consuming and higher risk project for most banks.

A far more practical approach—and one ready for deployment today—is Algo Workspace Analyzer for FRTB Reporting. It provides a highly scalable enterprise-class environment for aggregating diverse risk data from multiple sources and geographies. Powerful in-memory dynamic aggregation, combined with complex risk logic and flexible, on-demand reporting, helps provide full transparency on data and calculations for efficient, real-time “what-if” analysis.

The rapid deployment capabilities of Algo Workspace Analyzer for FRTB Reporting allow banks to start early analysis and impact studies on real production data. Accomplishing this step quickly can help guide and accelerate your overall FRTB implementation process. The software is designed for users to explore and conduct impact studies to highlight any infrastructure gaps and provide a clearer understanding of how FRTB could impact your business.

If your bank also needs to enhance the existing infrastructure for delivering the required analytics for aggregation into FRTB reporting, you can integrate IBM Algo One® analytical engines, which allow organic integration with Algo Workspace Analyzer. For more information on this IBM offering, contact your IBM sales representative.

Rapid deployment, flexibility and scale for quick, meaningful and lasting results

Rapid integration is imperative to begin your compliance efforts for FRTB reporting as soon as possible. Algo Workspace Analyzer for FRTB Reporting is fully customizable with a modular, component-based open application program interface (API) architecture to support your bank's specific needs.

It delivers increased accuracy by offering automated connectivity to near real-time data feeds and ongoing transactions. Importantly, the solution can be extended well beyond FRTB requirements to help increase the return on investment. For example, the software also includes capabilities for enterprise-level risk reporting in areas such as market risk, liquidity, capital allocation and more.

While the solution provides a preconfigured data model and reporting templates, you can customize and reconfigure the reports to meet local regulations specific to your institution. This built-in flexibility can also help you create aggregation, calculation and reporting capabilities to meet future banking regulations as they evolve.

Many banks are pursuing big data strategies and are building data lakes in the process. The question is, how do you analyze and report on the data? Algo Workspace Analyzer for FRTB Reporting is built on technologies specifically tuned for big data and analytics, enabling you to leverage investments made in big data projects. These technologies include powerful in-memory computing capabilities that deliver impressive speed to handle large volumes of FRTB calculation inputs and outputs.

In addition, the software can run in a grid-computing environment to share processing power, memory and storage across your distributed network. This attribute can reduce infrastructure and maintenance costs while providing the significant advantages of working at scale across the enterprise.

Dig deeper into the numbers to guide decision making

The user-friendly dashboard of Algo Workspace Analyzer for FRTB Reporting is supported by a powerful analytics engine, embedded with capabilities to handle complex market risk analysis. Interactive drill-down features give managers access to granular data and calculations for a deeper understanding of key risk factors and contributing sources at different levels within the bank.

The Algo Workspace Analyzer for FRTB Reporting in-memory data caching reduces latency to offer users faster access to insights from reporting across the enterprise. The solution also features a sandbox capability so users are free to conduct scenarios and evaluate the effect of changes without impacting the underlying live data.

A key added feature of Algo Workspace Analyzer for FRTB Reporting is that it's now a fully user-interactive tool and not just a set of preconfigured reports. This feature guides overall FRTB planning by helping you make the right decisions with impact studies or "what-if" analysis to better understand the impact of FRTB on the business both at the enterprise and individual desk and product levels. For example, what will the impact on capital allocation be if you change models in the event one or more desks are no longer internal model compliant?

The software is also able to highlight any infrastructure gaps. This feature helps you identify existing data and analytics, which might need to be updated or transformed in time to meet the new FRTB requirements.

Why IBM?

Many financial institutions are seeking an expedient, cost-effective way to prepare for the FRTB regulations. And for most of them, there is neither the time nor the budget to replace or rebuild front-office systems to achieve compliance. Algo Workspace Analyzer for FRTB Reporting is a preconfigured, yet flexible, highly scalable analysis and reporting solution that could be right for you. It's designed to be easily integrated into your existing infrastructure and provide you with a better understanding of the impact of FRTB on your business, profitability and capital.

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For more information

For specifics about IBM Algo Workspace Analyzer for FRTB Reporting, please visit ibm.biz/AlgoWorkspaceAnalyzer

To learn more about IBM RegTech solutions, please contact your IBM representative or IBM Business Partner, or visit the following website: ibm.com/regtech

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