



## **Project Profile: Enterprise-wide Risk System**

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### **Business Situation**

A large German bank was looking to construct an enterprise-wide risk (market and credit) management system to meet the needs of upper management, traders, risk management and finance. The Global Risk Committee in Frankfurt had set up an aggressive time-table.

Transaction and position data was stored in 'silos' that had inconsistent keys for Transaction, Position, Security and Counterparty data. The systems were disparate and did not talk to each other – and the data from the same had to be reconciled. In addition, there was a need for independent verification of portfolio values

### **The Role of Masfin Consulting**

The head of Risk Management in New York engaged us to work with his Risk Management Analysts. A team of three, used Visual Basic, Oracle, Crystal, and Power-designer to complete the project within six months

Integrated the company's data from the various disparate systems like Opics, FISTs, Murex, Kondor+, Devon and ADP to form a risk-data warehouse. This data had to be transformed, cleaned and reconciled before being useful. We developed algorithms to compute cash-flows and scenario analysis for various instruments spanning from Fixed Income, FX, Precious Metals, Equity to Derivatives, using financial models of an external analytics vendor – FinCad.

We developed the content and layout for risk and regulatory reports. Also, put in place an OLAP tool to make it easier for non-technical users to run the reports and slice-n-dice the data. Furthermore, we put in place procedures for daily operations and reporting, and built interface to RiskMetrics.

## Benefits of the solution

The main benefits of the solution were:

- ❑ Ability to meet corporate risk committee standards
- ❑ Project completed on time and under budget
- ❑ Reports generated met the needs of risk management, traders and senior management
- ❑ Data model and system design was componentized and hence easy to maintain, system still being used after many years and is now feeding the bank's core systems