

Oracle Financial Services Liquidity Risk Management



Given the severity and prolonged duration of the past liquidity crisis, regulators across jurisdictions have placed a greater emphasis on improving liquidity risk practices within banks. With this increased focus comes a spate of new regulations with frequent regulatory updates and aggressive implementation timelines. Banks now require an enterprise-wide, robust and comprehensive liquidity risk framework to address the data volume, computational complexity, and the need for speedy and accurate results. Oracle Financial Services Liquidity Risk Management provides this framework on a unified platform to ensure managerial and regulatory compliance.

ORACLE FINANCIAL SERVICES LIQUIDITY RISK MANAGEMENT COMPREHENSIVELY ADDRESSES AN ORGANIZATION'S LIQUIDITY RISK REQUIREMENTS, BOTH REGULATORY AND MANAGEMENT.

KEY FEATURES

- Enterprise-wide consistent stress testing
- Extensive set of business assumptions for behavior modeling
- Define and apply counterbalancing strategies
- Parameterized user interface with workflows and versioning
- Comprehensive reporting with extensive drill-through
- Forecast liquidity ratio calculation and real-time monitoring of intraday liquidity

Drive Liquidity Ratio Compliance and Adhere to Tight Regulatory Deadlines

Staying ahead of the liquidity curve and assessing liquidity resilience is a huge undertaking for any bank; the data and calculations required for strategic decision making is not typically easy to manage. With new regulations from BIS, EBA, US Federal Reserve and other regional regulators, moving forward banks must have the ability to calculate the liquidity coverage ratio (LCR), the net stable funding ratio (NSFR), intraday liquidity metrics and other liquidity monitoring metrics as per the guidelines. Today, simply capturing every requirement of the LCR is a challenge for many banks, as data is spread across multiple systems and lines of business.



Figure 1: Liquidity Ratio Reports

Oracle Financial Services Liquidity Risk Management gives banks the ability to aggregate enterprise data in a single location in real-time, thus reducing the uncertainty around data reliability, accuracy, and timeliness. With the pre-configured regulatory scenarios, rules and computations that address the liquidity ratio guidelines of US

KEY BENEFITS

- Quick product implementation to meet regulatory guidelines with minimal customization
- Enables assessment of liquidity risk metrics under multiple stress scenarios
- Supports multiple counterbalancing strategies that aids creation of contingency funding plans
- Supports pre-configured approaches for solo and consolidated calculations
- Ability to define and maintain a repository of time buckets and business assumptions
- Enable analysis of metrics at a very granular level
- Access controls and approval workflows based on user roles

Federal Reserve, RBI, EBA and BIS, this application helps achieve on-time regulatory compliance.

Compliance with the regulatory guidelines on liquidity risk management requires banks to identify and understand key risk and business drivers and specifically the impact they have on the LCR. With Oracle Financial Services Liquidity Risk Management, financial institutions now have greater insight and agility and can help drive actionable insight.

Engage in Enterprise-wide Comprehensive Stress Testing and Drive Contingency Funding Plans

Oracle Financial Services Liquidity Risk Management enables management to have a clear understanding of liquidity under contractual, business-as-usual and stressed conditions. The application enables business assumptions to be defined based on multiple dimensions, which allows banks to specify business-as-usual (BAU) conditions at any required level of granularity. With a completely parameterized user interface, users can easily design intricate scenarios through a variety of business assumptions including run-offs, delinquencies, recoveries, draw downs and so on, using pre-built methods that are based on real-world situations. Oracle Financial Services Liquidity Risk Management allows banks to define and apply stress assumptions to quantify the behavior of cash flows under varied crisis situations. The stressed assumptions are applied to BAU cash flows to calculate the liquidity gaps, liquidity ratios and funding concentrations under these stress conditions.

Recognizing the importance of a sound liquidity risk governance process, Oracle Financial Services Liquidity Risk Management is designed from the ground-up to aid contingency funding planning. Both BAU and stress test results are leveraged to help develop a robust contingency funding plan for the bank that is based on a realistic estimate of the liquidity needs under a variety of scenarios. Strategies are created by taking into account the liquidity hotspots observed under these scenarios and multiple counterbalancing positions are applied to combat them. This gives both the regulators and the management team the confidence that the organization has adequate liquidity to weather crisis situations.

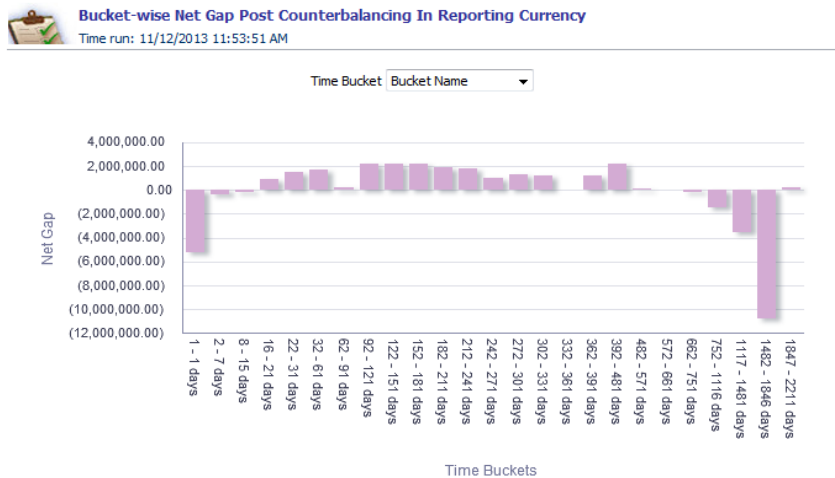


Figure 2: Liquidity Gap Post Counterbalancing

RELATED PRODUCTS

The following products complement Oracle Financial Services Liquidity Risk Management:

- Oracle Financial Services Asset Liability Management
- Oracle Financial Services Regulatory Risk Reporting
- Oracle Financial Services Enterprise Risk Assessment
- Oracle Financial Services Enterprise Stress Testing & Capital Planning Analytics
- Oracle Financial Services Credit Risk Management
- Oracle Financial Services Market Risk
- Oracle Financial Services Analytical Applications Infrastructure
- Oracle Financial Services Enterprise Modeling Framework
- Oracle Financial Services Asset Liability Management Analytics

Improve Risk Reporting Practices

Regulatory requirements, whether regional or global such as BCBS 239, require banks to have stringent risk reporting practices throughout the organization. Oracle Financial Services Liquidity Risk Management helps drive this with an extensive set of dashboard reports built out of a unified data model strictly for the financial services industry.

Oracle Financial Services Liquidity Risk Management supports an exhaustive set of pre-built dashboard reports with extensive drill-through capability that allows liquidity metrics to be visualized and analyzed at the required level of granularity.

Oracle Financial Services Liquidity Risk Management has the ability to scale and handle different demands relating to data volume and granularity, reporting speeds, metrics, formats, and frequency thus helping banks address the diverse reporting requirements of multiple stakeholders. The application is built on common Oracle Financial Services Analytical Applications components and is designed to work seamlessly with Oracle's Exadata; this allows banks to achieve consistency and comparability of enterprise-wide results while achieving unprecedented processing and reporting speeds.

About Oracle Financial Services Enterprise Risk Management

Oracle Financial Services Analytical Applications bring financial institutions best of breed capabilities to proactively manage Risk, Treasury, and Finance. The applications are built upon a commonly available analytical infrastructure consisting of a unified financial services data model, analytical computations, a Metadata driven "R" modeling platform, and the industry-leading Oracle Business Intelligence platform. This provides one version of the analytical "truth" throughout the enterprise.

Oracle Financial Services Enterprise Risk Management spans all areas of risk, including credit, market, operational, liquidity, fixed asset, business, and reputational risk. This solution enables financial institutions to establish a single measure of risk across the organization and obtain a comprehensive and consistent view of risk and performance. Oracle Financial Services Enterprise Risk Management helps manage all risk and provides necessary feeds for compliance-based reporting. The capabilities of Oracle Financial Services Analytical Applications for finance and risk help institutions address compliance issues that demand a close operational synergy between finance and risk functions.



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For more information about Oracle Financial Services Liquidity Risk Management, visit oracle.com or call +1.800.ORACLE1 to speak to an Oracle representative.

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