

Bank ALM system of the year

Moody's Analytics

As financial markets become more complex and integrated, understanding linkages requires a multidisciplinary perspective. Moody's Analytics' RiskConfidence enterprise system offers integrated asset-liability management (ALM), funds transfer pricing (FTP), liquidity risk management, and business and regulatory reporting in a single unified platform with a common data source.

Users of RiskConfidence can gain a comprehensive vision of interest rate risk through capital and earning sensitivity measurement, including repricing gap, durations, net interest income (NII) and economic value of equity (EV). Market rate shock scenarios can be defined to measure NII and EV sensitivity, with hedging strategies, runoff profiles and behaviour models incorporated into sensitivity and scenario analyses.

Liquidity risk positions can be monitored through the use of daily liquidity gaps and maximum cumulative outflow measurements. Modelling facilities include options risk and client behaviour such as loan prepayments and term deposit early withdrawals. For foreign exchange risk, currency changes can be analysed on a range of indicators using comprehensive currency scenarios. Stress scenarios can be defined by modelling adverse market and client behaviour, and simulating asset selloff and haircuts.

Users can integrate FTP functionality to view interest rate risk from the ALM department's point of view, and break down the interest income between business units and by FTP component including financing, liquidity, option or margin. Business unit performance can be measured by leveraging predefined methods and custom libraries that combine complex computational approaches with user-friendly results of those computations.

RiskConfidence integrates with Moody's Analytics products such as ImpairmentCalc and RiskCalc to leverage the company's deep knowledge of credit risk. Users can model dynamic credit line utilisation where credit usage is contingent on the economic environment and credit quality of borrowers for credit risk-informed



Yannick Fessler,
Moody's Analytics

decision-making. The system will generate reports that satisfy all requirements for International Financial Reporting Standard (IFRS) 9 and Current Expected Credit Loss.

Recent enhancements include the addition of numerous regulatory and internal dimensions in the form of system-predefined objects that allow users to systematically segregate forecasting and reporting. By adding regulatory dimensions such as high-quality liquid assets, eligibility level and protected status, users can select regulatory cohorts and use them throughout the forecasting and reporting process.

For high performance, RiskConfidence runs on Spark-distributed computing technology and is cloud-ready.

Judges said:

"RiskConfidence ALM is functionally rich, with further functionality recently added. The comprehensiveness of service provided by the system is a differentiator. Preconfigured reports, user profiles and environments have made the product more accessible and exposes it to a larger market."

"Strong interest rate capability and data support."

Yannick Fessler, senior director, product management, banking regtech, at Moody's Analytics, says:

"With RiskConfidence, we offer a high-value, highly efficient, cloud-ready ALM system that goes well beyond the typical feature set. By integrating enterprise-wide analytics, RiskConfidence can be used for stress testing, managing interest rate risk, FTP, liquidity management and IFRS 9 impairment. Our goal is to give clients a full picture of how to solve their risk-related challenges – and RiskConfidence is central to that effort. To make further use of our expertise in credit risk, clients can integrate RiskConfidence with RiskCalc models, ImpairmentCalc and other Moody's Analytics solutions." ■

Thank You

Your confidence in Moody's Analytics recently earned us six wins in the 2019 Risk Technology Awards:

- » Bank ALM System of the Year
- » Credit Data Provider of the Year
- » Wholesale Credit Modelling Software of the Year
- » Enterprise Wide Stress-Testing Product of the Year
- » IFRS 9 – Enterprise Solution of the Year
- » IFRS 9 – ECL Modelling Solution of the Year

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