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WORKSHOP ON IT SOLUTIONS FOR RISK MANAGEMENT

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WORKSHOP ON IT SOLUTIONS FOR RISK MANAGEMENT

JORDAN ECONOMIC DEVELOPMENT PROGRAM (SABEQ)

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IMPORTANCE OF RISK MANAGEMENT.

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WORKSHOP ON IT SOLUTIONS FOR RISK MANAGEMENT

Financial Integrity, Oversight and Broadened Capital Markets

Workshop on IT Solutions for Risk Management

29 August, 2007



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Agenda

- Introduction of Participants
- Advanced Architectures
- Types of Banking Systems
- IT Solutions Considerations
- Risk Management Solutions
- “Ideal State” Solutions
- Procurement of Risk Software
- RFP – Components and Characteristics



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Introduction of Participants

- Name of Participant
- Name of Bank
- Department in Bank
 - Information Technology
 - Risk Management
- Core Banking System Installed
- Risk Management Systems Installed



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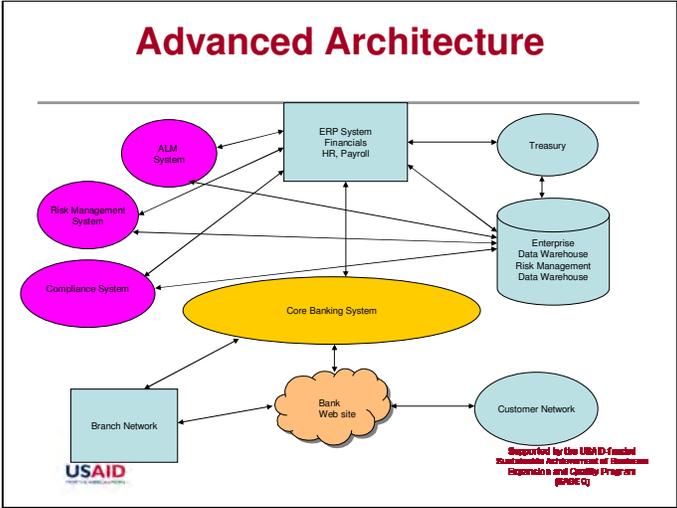
Advanced Architecture

- Enterprise Resource Planning (ERP) System with integrated:
 - Core Banking Sub-system
 - Web-based Communication Network
 - Enterprise Data Warehouse
 - Risk Management Data Warehouse
 - Risk Management Modules
 - Credit and Basel II Modules
 - Extensive Library of Application Modules



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Advanced Architecture



Advanced Architecture

- SAP
- Oracle
- PeopleSoft

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Types of Banking Systems

- Integrated Core Banking System
 - Full range of applications
 - Integrated Database – Warehouse
 - International Best Practices
 - Training Support
 - Consistent user interface
 - Cost effective
 - Single Vendor interface
 - Vendor supported add-on packages
 - In-house Support Staff
- Mixed Processing Banking System
 - Multiple Application Vendors
 - Integration of:
 - Applications
 - Database – Data Warehouse
 - Training Support
 - User interface - multiple
 - Maintenance support – multiple vendors
 - Cost
 - In-house Programming and Support Staff



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IT Solutions Considerations

- Package Solution
 - Does solution meet at least 80% of my requirements?
 - Interfacing or integrating to existing system
 - Multiple vendors for risk solutions?
 - Credit
 - Market
 - Operational
 - Customization required
 - Data Warehouse
 - Architecture requirements – current vs. replacement
 - Industry Best Practices
 - Vendor experience



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IT Solutions Considerations

- Custom Development – in-house
 - Detailed requirements
 - Functional Specifications
 - Analytics
 - Reporting
 - Data Warehouse
 - Knowledgeable Staff
 - Time Requirements
 - Interfacing and integration expertise
 - Industry Best Practices



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IT Solutions Considerations

- Custom Development – out-sourced
 - Detailed requirements
 - Functional Specifications
 - Analytics
 - Reporting
 - Data Warehouse
 - Knowledgeable Staff
 - Interfacing and integration expertise
 - Industry Best Practices
 - Time Requirements
 - Company Experience



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IT Solutions Considerations

- Architecture Requirements
 - Interface or integrate to existing system
 - New hardware
 - Data Warehouse
- Change Management



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Risk Management Solutions

- No one software package can provide the “Ideal State” Risk Management Solution
- Very few Vendors can provide a system that handles:
 - Credit Risk
 - Market Risk
 - Operational Risk
 - Enterprise-wide Risk
- Vendors, packages and capabilities must be very closely evaluated



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Risk Management Software

- Sungard – Panorama
- iFlex – Reveleus
- SAP – Basel II application – Acertus
- Misys – Almoride
- Moody’s Risk Advisor – KMV
- Grant Thornton - CRSA
- SAS – Full range of Risk modules



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Risk Management Software

- Oracle – OFSA and Reveleus
- CARE – Operational Risk
- Algorithmics – Algo Suite
- Hyperion – Full range of Risk modules
- Numerous Other Vendors



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“Ideal State” Solution

- Integrated Enterprise-wide Risk Management Solution
- Data Warehouse that contains risk measures for:
 - Credit
 - Market
 - Operational
 - Enterprise
- Provides standardized and flexible data extraction facilities



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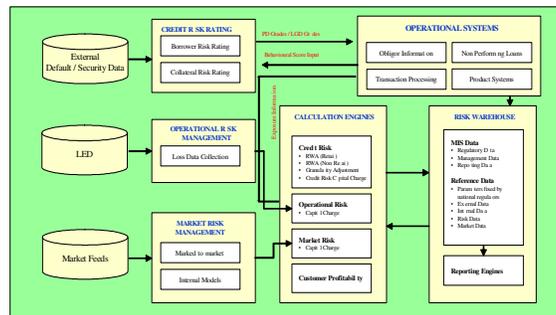
“Ideal State” Solution

- Support integration and transformation mechanisms
- Provides comprehensive analytical capabilities
- Provides an infrastructure that is flexible and scalable
- Integrate and/or interface to the Banks Financial Management System



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“Ideal State” Solutions



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Procurement of Risk Software

- Define Scope of Procurement
- Establish Project Team
 - Risk Management – Project Leader
 - Information Technology
- Survey Vendors and Application Packages
- Request Vendor Presentations and Demo
- Develop Functional Requirements



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Procurement of Risk Software

- Develop Detailed Specifications
- Specify Interface requirements to:
 - Existing Applications
 - Database – Data Warehouse
- Specify Reporting Requirements
- Issue RFP



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RFP – Components and Characteristics

- Request for Proposal (RFP) normally contains three (3) components:
 - Company Information
 - Provides information on the Bank
 - Purpose for Procurement
 - Procurement Procedures and Contract
 - Procurement Procedures
 - Submission Date
 - Bidders Conference
 - Contact Personnel



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RFP – Components and Characteristics

- Proposal Format
 - Technical Proposal
 - Price Proposal
- Contract Clauses
- Technical Specification
 - Functional Requirements
 - Detailed Specifications
 - Interface Specifications
 - Training Requirements
 - Project Plan



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Questions

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