



OLIVER WYMAN

CREDIT SUITE

MODERN INTEGRATED
RISK AND BUSINESS ANALYTICS

Years of post-crisis regulation have created ever-increasing complexity in Credit Risk. Systems proliferate and costs spiral, whilst important business decisions are made without visibility of the latest figures. Oliver Wyman presents a solution: Credit Suite.



SERVING 10+
GLOBAL CLIENTS



READY-TO-GO
CALCULATIONS



DEPLOYED OR
CLOUD-HOSTED



MODULAR
SOLUTIONS



WHAT IS CREDIT SUITE?

Credit Suite is an integrated set of Risk and Business solutions designed to solve the problems inherent in modern Credit Risk measurement, management and business decision-making. Oliver Wyman's Credit Suite has been developed through our work with Tier 1 banks and has been designed around a set of core principles:



Fast and scalable, allowing you to run a complete forecasting exercise live in a meeting



Easy to use, with an iPad-ready dashboard for you to interrogate results in detail



Fully integrated: data management, methodology and front-end working naturally together



Transparent: our "glass-box" architecture where customers have access to the original code allows for clear visibility on methodology and rapid customisation



Tried and tested: our solutions have been developed with and implemented at Tier 1 banks

CHALLENGES IN RISK AND BUSINESS ANALYTICS

CREDIT ANALYTICS TEAMS IN BANKS ARE FACING MANY CHALLENGES FROM RISK, FINANCE, IT AND BUSINESS

- Ten years of post-crisis regulation have created ever-increasing complexity and invasiveness
- Institutions still run a patchwork of systems across departments that do not communicate well
- Data is often incomplete and of poor quality
- Existing analytic capabilities are slow to run and even slower to adapt
- Cost pressure creates limited FTE capacity and ability to invest

These challenges mean that most analytics are trapped – often within Risk departments – and are not used for real decision making in the wider organisation.

This contributes to the view that Risk is just a regulatory compliance unit.

CREDIT SUITE VISION

Our extensive client work in Credit Risk, coupled with technology-driven insights, have lead us to a new vision that disrupts the status quo, overcomes these challenges and enables a stronger organisation:

- Embracing shared tools and data unlocks a **“low friction” organisation**. Easy collaboration across teams becomes the norm, not the exception
- Lower friction between teams allows **data and analysis to flow quickly** from those who know it best to the places where it is most valuable
- Putting coding tools into the hands of frontline Risk and Business staff vastly **improves the organisation’s agility**. A new data field can be added on the fly; a revised calculation can be coded up in hours, not weeks
- A common and powerful technical toolkit **engenders a bottom-up cultural shift**: a new app or tool creates a positive reaction of: “We can build this together”, and not a weary: “This will take IT three years to implement”
- Working with advanced technologies such as Python energises teams, **improves job satisfaction** and unlocks future job opportunities

CREDIT SUITE BENEFITS

OLIVER WYMAN LABS

Provisions CPM Exercise and Run Configuration Pricing

Loan Pricing Details Portfolio Overview

Acceptance Input Loan overview Basic overview Similar loans Year by year prof

Client overview Historical loans

PRICING – CLIENT MANAGEMENT

Customer name Customer ID 100

Overview	
Customer name	
Sector	Unknown
Relationship owner	
# of facilities	2
Total outstanding	€81,337
RAROC Lending	-1.41%
Economic profit	-€1,933

EP for all loans corresponding to the customer

Component	Value
Interest income	13,203
FTP	52,242
Net margin	10,955
Fee income	0
Operating expenses	-9,722
Expected credit loss	-1,639
Pre-tax profit	-405
Tax (assuming 25% tax rate)	101
Post-tax profit	-304
Cost of Capital (RWA-driven)	-1,629
Economic profit	-1,933

Proposals

Risk group	Facility ID
>	125482

Many of our clients have started to embrace Credit Suite solutions and technologies, and therefore are moving toward a vision of a faster, lower cost, better-connected bank. As a result, numerous benefits are being realised.

REAL-TIME ACCESS TO INFORMATION

allowing for better and more accurate business decisions

ON-TIME AND ON-BUDGET DELIVERY OF CRITICAL PROGRAMMES

SINGLE DATA LAYER

reducing confusion and removing the need for tedious reconciliations

HAPPIER WORKPLACE AND BETTER RETENTION

through up-skilling of teams in Python programming and modern software development, as well as cross-team collaboration

“GLASS BOX” ARCHITECTURE

makes the code easy to view, easy to understand, and easy to adapt

CREDIT SUITE SOLUTIONS

- UNIFIED DATAMODEL
- CUTTING EDGE TECHNOLOGY
- ADVANCED ANALYTICS

Credit Suite is a platform built using cutting edge Python-based technology. Six connected but modular solutions are available to handle a broad variety of Credit Risk applications.

The set of solutions is built on a unified data model, enabling a variety of consistent Risk and Business views that improve efficiency and decision-making. Continuous adaptation to regulatory changes and development of new solutions makes Credit Suite robust and futureproof.

CREDIT PROVISIONING

Calculates credit provisioning under both IFRS9, IFRS17 and CECL

Improved accuracy leading to lower provision costs.

CREDIT STRESS TESTING

Balance sheet and provisions projections

Synergises with Credit Provisioning Solution by design, ensuring accurate modelling and no “nasty surprises”.

PRICING AND RETURNS

Pricing and RAROC for new and existing loans

Full pricing and returns computation in real time, which enables significant improvement in front-line MI and decision-making.

VALUATION AND SECURITISATION

IFRS9-data based fair valuation toolkit

Securitisation engine that can be used to optimise constraints such as P&L volatility or capital.

NPE MANAGEMENT

Advanced NPE monitoring and management tools

Enables clearer insight and better portfolio management decisions, unlocking material economic benefits.

CREDIT PORTFOLIO MODELLING

Economic and Concentration Risk

Computes stable economic risk allocations on which businesses can be managed, enabling better Originate-to-Distribute decisions.

CREDIT SUITE TECH ASPECTS



"GLASS BOX" ARCHITECTURE

Credit suite is a Python-based platform that allows for rapid customisation due to the clearly visible mechanics and implemented methodologies. No more rigid 'black box' model implementations which can not be customised or properly controlled.

SCALABLE

Credit Suite is set up to be fully scalable through cloud computing and processor scaling. This provides an enormous computational advantage where runtime will be a variable under the control of the user. This can be applied to all calculations ranging from a calculation of the full portfolio on a granular level or a recalculation of a single loan.

USER INTERFACE

Credit Suite comes with a user-friendly interface that allows all different types of users to have full control. Management has a comprehensive and detailed overview of their credit portfolio and the front-office has integrated tools to offer the right products to clients. In addition, the effectiveness of meetings will increase as detailed questions around the portfolio or sensitivities can be answered on the spot.

OLIVER WYMAN DELIVERS



Oliver Wyman is ideally placed to provide your organisation with technology solutions for Risk and Business. Our expertise in Credit Modelling combined with the technical prowess of our Oliver Wyman Labs team allows us to deliver fast and on target. By combining the best of software development, strategic thinking and implementation, we have established a powerful track record of delivering for our clients.

The delivery of these solutions covers support on the implementation and integration in the existing IT systems, help on methodological challenges, customisation where need, and the upskilling of clients.

We want to help clients to disrupts the status quo, to overcome their challenges and to enable them to adopt cutting-edge technology.

For more details and to contact us please visit
www.oliverwyman.com/credit-suite

ABOUT OLIVER WYMAN

Oliver Wyman is a global leader in management consulting. With offices in 50+ cities across nearly 30 countries, Oliver Wyman combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organisation transformation. The firm has more than 4,700 professionals around the world who help clients optimize their business, improve their operations and risk profile, and accelerate their organisational performance to seize the most attractive opportunities. Oliver Wyman is a wholly owned subsidiary of Marsh & McLennan Companies [NYSE: MMC]. For more information, visit www.oliverwyman.com. Follow Oliver Wyman on Twitter @OliverWyman

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