

Financial Risk: Strategy, Forecasting and Optimisation Solution

Introduction

Financial institutions in banking grapple with imbedding mechanisms that will ensure sustainable risk adjusted returns equal to or in excess of their weighted average cost of capital, ultimately generating economic value to its shareholders, satisfying all stakeholders that it is not taking unjustifiable risk.

Problem statement

To provide mechanisms and tools to senior management and directors of financial banking institutions that provide in-time updated views of future risk adjusted performance of their business, enabling rapid strategic decision-making that will ensure sustainable risk adjusted economic value added.

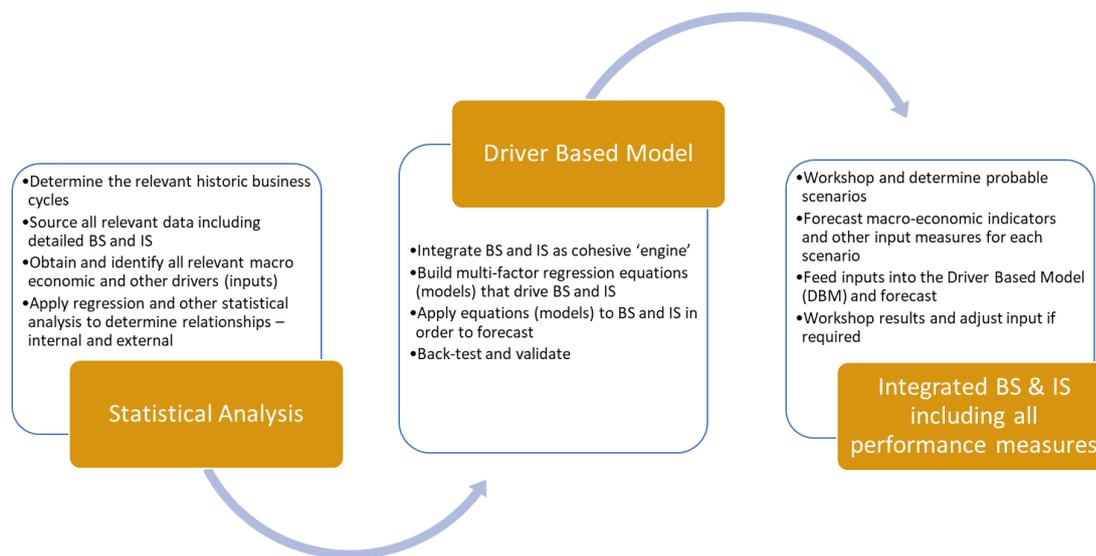
Vision / Mission

Ilion integrates data to the financial risk adjusted performance to deliver solutions that optimise the sustainable performance of our client's businesses. Our service offering includes financial and risk analysis, data management and advanced data analytics, enabling financial risk forecasting, balance sheet management, and optimisation that ultimately culminate in financial risk strategy. We are technology neutral and, by working with our clients, seek to find the best solution that will suit their needs.

Our Primary Objective

Our primary objective is to implement a fully integrated data-driven financial management framework with standards, processes and a target operating model to support. This would deliver optimal performance projections that would provide clear objectives to business in order to achieve an optimised state for the bank. Also provide a cornerstone for strategic capital planning and recovery and resolution planning.

Our Methodology and Approach



The Major Steps

In the context of an integrated risk-based data warehouse, we make use of a 3 step approach for Balance Sheet Optimisation:

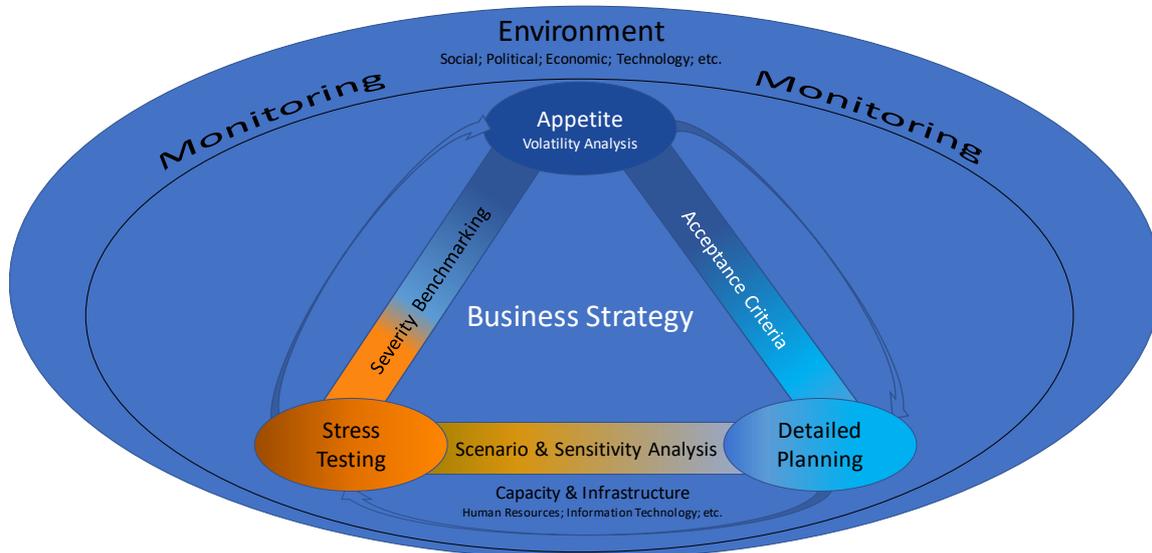
Step 1: Perform a Statistical Analysis to Understand Business Drivers

Step 2: Development of a Driver Based Model

Step 3: Integrated into a Balance Sheet and Income Statement (BS/IS) model

Integrated Risk Framework

The illustration below overviews the strategic planning process that, with the correct tools, will result in sustainable optimisation for the bank.



Critical Deliverables for Success

- ✓ Balance Sheet Management Model and Framework
- ✓ Target Operating Model (TOM)
- ✓ Stakeholder Buy-in (especially from Risk, Finance, Treasury, and Business areas)
- ✓ Data Reconciliation
- ✓ Effective embedment/implementation, leveraging off 'quick wins'
- ✓ Develop fully integrated (live) top-down and bottom-up forecast and optimisation model
- ✓ Optimise portfolio structure, maximising risk adjusted returns
- ✓ Complete set of risk measures, including collateral data per account
- ✓ Change Management

Proposal / Call to action

Ilion are looking to help financial services organisations optimise their return of investment in data centred around financial products and services. Our executive team have extensive experience in financial analysis for banks, credit risk and stress testing and data management. We see a overlap in these areas that provide a sweet spot for a return on investment made.

When you are working on your next financial analytical undertaking, please don't hesitate to call us. We would be happy to help to find a solution that is optimal for your organisation.



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