FIS

FAQ:

HARNESSING THE POWER OF FIS BALANCE SHEET MANAGER
for streamlined financial risk

Q: What challenges are financial institutions facing?

A: In today's fast-paced financial landscape, banks and financial institutions grapple with the cumulative burden imposed by cumbersome legacy systems to orchestrate risk analytics across multiple platforms. These antiquated systems, often constituting a patchwork of standalone legacy platforms, not only incur high costs of change and maintenance but are also ill-equipped to manage the intricate and granular view of risk data increasingly demanded by regulators, especially with regards to Interest Rate Risk in the Banking Book (IRRBB) and Internal Capital or Liquidity Adequacy Assessment Process (ICAAP/ILAAP) requirements.

The annual exacerbation of these challenges – ballooning data volumes, prolonged run times and compromised data consistency – starkly contrasts with the streamlined processes and granularity essential for effective business operations in the contemporary financial sphere. Similarly, these systems fall short in efficiently addressing the critical need for precise management of IRRBB and conducting comprehensive ICAAP/ILAAP, which are pivotal in ensuring that banks adequately manage and plan for their capital, liquidity and risk.

The inadequacies of such legacy systems in meeting these regulatory demands highlight the necessity for a more integrated, performance-focused solution like FIS® Balance Sheet Manager (BSM). This platform not only facilitates the seamless aggregation and analysis of risk data, but also helps enhance a bank's ability to comply with current and future regulations, bolster performance and sharpen competitive edge by delivering a more refined, multidimensional assessment of IRRBB and helping facilitate a more comprehensive approach towards ICAAP and ILAAP excellence.

Q: How can FIS Balance Sheet Manager overcome these challenges?

A: The Balance Sheet Manager platform helps revolutionize the approach to financial risk management analytics, forecasting, tactical and strategic decision making. This platform helps alleviate the operational risks associated with high levels of manual intervention and disparate end-user models, providing a consistent, holistic framework necessary for stress testing, scenario analysis and sensitivity analysis.

It helps transform the operational landscape by providing automation, scheduling and smooth aggregation of data – all while offering the crucial transparency and granularity required for regulatory compliance and effective risk appetite monitoring. Specifically, the platform addresses both the ICAAP/ILAAP and IRRBB requirements. Through its advanced stochastic Asset Liability Management (ALM) capabilities and market risk module, the Balance Sheet Manager platform helps banks effectively manage and model interest rate and market risks, providing a probabilistic assessment of potential future earnings and the economic value of the balance sheet.

This facilitates a robust quantitative foundation for the ICAAP, helping financial institutions determine the economic capital required to safeguard against interest rate risks as defined under IRRBB guidelines. The integration of such predictive analysis within the platform helps banks maintain compliance with regulatory standards while optimizing their financial strategies and risk management practices.

Q: **What distinguishes the FIS Balance Sheet Manager platform from other platforms?**

A: The Balance Sheet Manager platform distinctly stands out from other solutions due to its comprehensive and fully integrated approach to ALM and liquidity risk management. This integration is crucial for financial institutions aiming to measure risk across different departments efficiently. Notably, this platform goes beyond mere compliance by helping banks focus on performance improvement, thereby enhancing their competitive edge in the market.

A key differentiating factor of Balance Sheet Manager is its modular platform, which accommodates a wide range of user configurable out-of-the-box solutions. These include not only traditional ALM and liquidity risk modules, but also advanced features such as stochastic ALM, market risk, and supporting hedging, liquidity and funding strategies, and considering IFRS 9 impairment and hedge accounting as well as credit adjusted ALM. The inclusion of funds transfer pricing further helps banks make informed decisions regarding the pricing of their products and the allocation of internal funds to product lines.

Importantly, the solution's ability to address ICAAP requirements and the IRRBB stands out. This is significant for banks as they plan economic capital for interest rate risk. The system's stochastic ALM capabilities allow for the generation of a distribution of possible earnings and market values under various interest rate paths. This helps banks determine, with a specified level of confidence, the economic capital required to cover potential income volatility, thereby ensuring a robust contribution to an improved risk management framework.

In summary, Balance Sheet Manager's distinguishing features include its fully integrated approach to risk management, its modular and comprehensive platform that covers a vast array of risk management needs, and its ability to specifically address ICAAP/ILAAP and IRRBB requirements through advanced modeling and reporting capabilities. These attributes help make it an easy choice for banks looking to manage their balance sheet risk in a more holistic and performance-focused manner, and ensure efficiency in execution.

About FIS

FIS is a leading provider of technology solutions for financial institutions and businesses of all sizes and across any industry globally. We enable the movement of commerce by unlocking the financial technology that powers the world's economy. Our employees are dedicated to advancing the way the world pays, banks and invests through our trusted innovation, absolute performance and flexible architecture. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS ranks #241 on the 2021 Fortune 500 and is a member of Standard & Poor's 500® Index. To learn more, visit www.fisglobal.com. Follow FIS on Facebook, LinkedIn and Twitter (@FISGlobal).

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