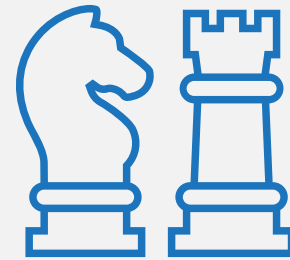


## RWA Data Quality case study

Brickendon was engaged in a Risk Weighted Assets (RWA) optimisation programme which achieved a multi-billion-dollar RWA reduction, representing a quarter of the overall original RWA.

The programme addressed the underlying data-quality issues which were also highlighted by the Basel committee in the finalizing Basel III Rules paper.



Strategy & Advisory

Strategy & Advisory

### Client Challenges:

The client had many challenges to optimize a risk weighted asset reduction to improve the data. These included:

- ❁ Inconsistent RWA numbers resulting from poor data quality made it difficult to make strategic decisions.
- ❁ Internal model limitations due to a lack of multi jurisdictional regulatory approval, structural rigidity, and restrictions in terms of asset-class coverage.
- ❁ Differing onboarding processes negatively impacted the quality, completeness and consistency of client reference data.
- ❁ Inconsistent client reference data.
- ❁ Inaccurate client identifiers meant that regulatory floor values for Probability of Default (PD) and Loss Given Default (LGD) were being used in RWA calculations.
- ❁ Documentation referencing issues made it difficult to accurately match documentation.
- ❁ Poor system identifiers meant that the collected collateral and Initial Margin (IM) charged was used inaccurately.

AI & Data



### Brickendon Solution:

Brickendon collaborated with client to provide solutions using different tool and streamline the process. The work included:

- ❁ Enable the systematic determination of AVC and CVA
- ❁ Modify onboarding processes to improve integration of client and legal data fed to the Internal Model Methodology (IMM) platform.
- ❁ Identify and resolve issues impacting hierarchy management to ensure correct counterparty risk ratings are used in the LGD and PD.
- ❁ Collaborate with global teams to raise awareness of collateral and IM impact on RWA
- ❁ Implement cross-programme collaboration tools to facilitate better communication and sharing of RWA targets and results.
- ❁ Introduce training programmes, redefine processes, improve Management Information (MI), and encourage stronger governance.
- ❁ Engage global front-office teams for periodic reviews of RWA numbers and encourage discussion by providing analytics on clients to generate ideas to improve RWA.



Business Consulting

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# CASE STUDY

## Client Benefits:

The benefits realized by the change implemented by the Brickendon included:





- ⚙️ Fewer manual adjustments thanks to improved AVC and CVA data
- ⚙️ Improved netting across trades thanks to better legal and client data integration and the accurate recognition of collateral and Initial Margin.
- ⚙️ Improved LGD and PD calculations thanks to more accurate risk ratings
- ⚙️ Increased percentage of trades in scope for the IMM approach
- ⚙️ Improved data controls, auditability, regulatory reviews and approvals
- ⚙️ Future-proofed deliveries from other programmes with dependencies on RWA calculations
- ⚙️ Dashboard view of the impact of business actions across all sales teams to demonstrate the RWA benefits across all asset classes.
- ⚙️ Better business practices, aided by feedback-improved monitoring and validation controls from the programme back to BAU.



## Multi-award Winning Team



## Why choose Brickendon?

-  **Our track record:** We have demonstrated a long, proven track record since 2010 of transforming our clients through our innovative bespoke solutions.
-  **Our innovative approach:** No one client is the same, therefore our intelligent, experienced and focused consultants use their industry experience to address each challenge in an innovative way.
-  **Our Specialist Teams:** Our in-country, nearshore and offshore capabilities mean we are well placed to cater for all our clients' needs, making the best use of our consultants' 10 years-plus industry experience.
-  **Our passion:** We love what we do and thrive on improving our clients' profitability, efficiency and increasing their competitive edge. We are driven to see the tangible benefits at our clients.

To find out more about how Brickendon can transform your business, please do not hesitate to contact us.



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