



MAHOGHA TECHNOLOGIES

COMPLEXITY MADE SIMPLE

We strongly believe that every institution has unique requirements. Though we make ready to install products, we are always ready to walk extra mile to make perfect integration with your infrastructure.

bigM: complexity made simple

Basel Committee on Banking Supervision (BCBS) issued final standards on minimum capital requirements for market risk under Fundamental Review of Trading Book (FRTB) framework on January 14, 2016.

The new rules dictate which instruments qualify for inclusion in the trading book coupled with more rigorous guidelines governing internal risk transfers between the banking and trading book. The revised standardised model introduction is based on price sensitivities and the advanced approach is based on expected shortfall (ES).

All banks, regardless of size or whether they have allotted to retain an advanced approach, must deploy and report capital charge based on the standardised model. This presents a number of challenges to banks of all sizes.

- FRTB calls for a greatly increased number of simulations to be performed, under multiple shock scenarios and this will require entirely new calculation engine to be implemented along with the associated changes and additions for requisite data sources.
- The revised standardised model requires more granular data not commonly reported under current approach, so will require in depth understanding of guidelines and changes to trade and middle office IT with revised data standards.
- These guidelines could significantly increase the minimum capital required upto 2.4¹ times.
- Top line changes that will impact capital allocation and pricing to accommodate the standardised approach which may end up influencing business mix and dictate business line policy as some portfolios become more attractive than others from a return on capital perspective.

Capital for seven risk class need to be computed in Standardised Approach of FRTB. More than 200 correlation constants are used to compute general interest rate risk (GIRR) class capital for exposure in single currency alone.

bigM: Our easy to use Java based platform delivers fast and accurate results in regulatory reporting format.

As each organization is different, the bigM is scalable in recognition of the highly variable data volumes and formats. We take pride in delivering simple solutions, therefore our product need not have huge server installations and can run on any operation system. It provides simple interface to upload sensitivities using excel/csv files or could scale it to socket based data integration. bigM also provides multiple benefits such as

- Significant reduction in operational/IT overhead with timely and practical capability for standardised models in advance of the regulatory deadlines.
- Allows banks to on focus on sourcing the right sensitivities and gain insights from our explanatory notes.
- Early deployment will helps banks to ascertain impact analysis in advance and to raise capital if required.
- Also provides an option for merging it to our next generation analytical platform **Mpl+s**.

For product demo and more please contact us at admin@mahogha.com. You can also visit us at www.mahogha.com