

**FusionRisk** Balance Sheet Management  
Software overview

**Integrate risk,** capital  
and liquidity into the  
planning cycle

**Empower** your  
bank to mitigate  
risk faster and  
more effectively

“The solution has enabled us to draw a full circle between ALM, cost management, our commercial strategy and credit risk management.”

**Jean-Christophe Plossignac**

Cost Management, Financial Department,  
Banque Socredo

# Develop faster risk reflexes

Meeting tough new capital, liquidity and funding standards demands balance sheet optimisation that is difficult to achieve. Misys FusionRisk Balance Sheet Management gives risk, capital and liquidity a central role in the planning cycle, empowering banks to mitigate risk faster and more effectively.

New rules under Basel III and a host of local regulations require banks to significantly increase capital and adhere to stringent new liquidity and funding mandates.

Meeting these standards is putting big dents in banks' return on equity making it harder to exceed cost of capital. And many banks have been using an incomplete map to guide their business. This renders them unable to optimise their balance sheet and forces a rethink about how to make risk and capital management capabilities robust enough to withstand today's market volatility and further regulatory changes.

FusionRisk Balance Sheet Management is helping banks to bring the right knowledge to asset and liability management, fund transfer pricing and balance sheet liquidity. With more comprehensive and timely information, organisations can respond faster to mitigate risk in volatile markets. Balance Sheet Management also provides the framework for a continuous managerial "rhythm" to set the right level of capital, with powerful analytics, processing and reporting.



E&Y 2012 Progress in financial services risk management

# FusionRisk Balance Sheet Management in **action**

**Better liquidity** management drives stronger risk governance. For Banque Socredo, Misys FusionRisk Balance Sheet Management is at the centre of this regional leader's strong, efficient risk and compliance operation.

“As a small retail bank, Balance Sheet Management has allowed us to define a better global strategy.”

**Jean-Christophe Plossignac**

Cost Management, Financial Department,  
Banque Socredo

As Banque Socredo, French Polynesia's leading bank, expanded, the company needed both to achieve higher levels of automation and to monitor interest rate risk more closely. To help it score and model credit risk and gather internal ratings on its commitments, Banque Socredo chose FusionRisk Balance Sheet Management, working together with the KXEN credit scoring engine.

Beyond resolving compliance issues, the project gave the bank better control over its net interest margin and also improved the speed and quality of reporting to shareholders.

Today, Banque Socredo uses FusionRisk Balance Sheet Management for forecasting, stress testing, determining liquidity buffers, model scoring and to feed the KXEN statistical

engine. The solution has been embedded in the bank's daily operations and has delivered many benefits – not least the ability to produce a full set of ALCO reports, with no manual intervention. Balance Sheet Management also enables the bank to optimise risk-taking in line with its organisational risk appetite and to centralise control over funds transfer pricing. And it assures Basel III compliance, cementing Banque Socredo's reputation as a risk-conscious bank.

Importantly, FusionRisk Balance Sheet Management has evolved over time with the bank's changing needs, so the asset and liability management department has been able to forecast and manage its balance sheet more proactively.

# The FusionRisk Balance Sheet Management advantage

## **FusionRisk Balance Sheet**

**Management** helps banks to drive risk, capital and liquidity from one central place in their strategic planning cycle, linked to the day-to day decisions that need to be taken by senior decision makers.

**Integrate risk and capital** as part of an integrated cross-functional business strategy.

**Manage interest rate risk and gaps,** foreign exchange and liquidity risks within the risk return target.

**Supports and encourages sound risk management** by delivering auditable processes around risk simulation, analysis, decision-making and reporting.

In-depth static and dynamic modelling of:

- Business planning scenarios
- Behavioural scenarios
- Economic scenarios
- Replicating portfolios for non-maturing contracts
- Structural balance sheet assumptions

# Product capabilities

## **Asset and liability management**

The mix of balance sheet assets and liabilities needs to be managed actively in a way that limits risk and attributes earnings appropriately based on bottom line financial margins. FusionRisk Balance Sheet Management is designed to support this active approach.

Users can analyse risks and profitability to support strategic decision-making. Sophisticated but easy-to-build scenario and stress tests provide improved insights into their businesses. Balance Sheet Management's interface can be customised to pre-set processes, reducing learning times while cutting training costs and minimising the risk of user error. Batch processing is also available so that routine tasks can be automated.

## **Complete scenario analysis**

Scenarios work to ensure that users receive the maximum information to calculate capital requirements as effectively as possible. They clearly and coherently consolidate the different business, economic and product assumptions and forecasts. Balance Sheet Management enables in-depth static and dynamic modelling of:

- Business planning scenarios, including volume and margins
- Behavioural scenarios – prepayments, renegotiations, non-performing loans, defaults and credit cards

- Economic scenarios, including yield curve surfaces, administered rates, discount functions, volatility and exchange rates
- Replicating portfolios for non-maturing contracts
- Structural balance sheet assumptions, including equity, real estate and reserves

## **Asset and liability management for interest rates, FX and liquidity risk**

Balance Sheet Management delivers the essential functional and technical capabilities required to meet today's regulatory and economic balance sheet management challenges. Once deployed, banks can manage interest rate risk and gaps, foreign exchange and liquidity risks within their risk/return targets. Balance Sheet Management can be fully integrated with the FusionRisk Regulation component to deliver the Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

The solution supports and encourages sound risk management by delivering auditable processes around risk simulation, analysis, decision-making and reporting. In addition, it automates balance sheet reconciliation with the bank's general ledger.

Balance Sheet Management also delivers rapid compliance with International Accounting Standards (IAS) requirements through an approach that complements existing processes. The IAS calculator generates IAS-compatible valuations by contract or by account for interest rate and amortised cost, while adjusting for impairment, prepayments and fees. The IAS Hedge Management component provides hedge initiation, effectiveness and documentation.

#### **Fund Transfer Pricing (FTP)**

FTP margin analytics play an essential role in risk management and financial control. Balance Sheet Management delivers robust margin calculation management and can work at the transaction level, allowing maximum reuse of results. It also calculates FTP rates and commercial margins on the underlying financial contracts and computes the balance sheet mismatch margin.

Commercial margins can be further broken down for economic profitability analysis across the bank. All FTP measures can be run dynamically using a combination of business planning, behavioural and economic/market scenarios.

#### **Reporting features**

An embedded hypercube enables exceptional analysis and decision support by allowing users to slice and dice their balance sheets using new information dimensions, analyse the results in detail and run ad hoc reports for senior management. A dynamic reference data model can include the bank's own data, reinforcing the robustness and flexibility of Balance Sheet Management.

#### **Technology highlights**

Data imports, calculations and results are fully available for audit, analysis or comparison. The solution has also been designed to integrate smoothly with existing environments and interface with third-party applications and data sources. The system also enables scalable high-performance calculation and data processing.

The solution is simple and cost-effective to deploy and upgrade, thanks to its sophisticated thin-client interface.

“The solution supports and encourages sound risk management by delivering auditable processes around risk simulation, analysis, decision-making and reporting. In addition, it automates balance sheet reconciliation with the bank's general ledger.”

# Professional services and customer **support**

An industry proven **best practice** approach – that’s the guiding principle of our professional services and support model. Misys clients benefit from our long track record of successful implementations.

“We received good technical support from Misys during the implementation and we are delighted that FusionRisk works exactly as expected.”

**Fuad Mohamed**

Vice President Applications,  
Group IT, Emirates NBD Group

**Best-practice delivery**

The Misys delivery model is incorporated into our entire product lifecycle. We leverage best practice business processes in the design, development and quality assurance of all of our products. While we acknowledge that one size doesn’t fit all in financial software, we know that a delivery approach that focuses on industry proven best practice process models helps our clients to save costs and benefit from the institutional knowledge Misys has developed across thousands of successful implementations. It means:

- **Faster implementation:** Repeatable delivery means projects are shorter and more predictable.
- **Reduced TCO:** Clear focus avoids unnecessary expenditure.
- **Less risk:** A standard, proven approach means many risks have already been mitigated.

**Centre of excellence**

Co-located with our development teams, the 200-strong Misys Service Delivery Centre ensures that we share best practice both internally and with partners. It enables us to refine implementations offsite before taking them back to the client.

**Customer support**

Misys clients benefit from the expert knowledge of 1000+ resources worldwide whose primary function is to provide professional, scalable software support and maintenance.

**Deep domain expertise:** Our technical and application support people have strong industry and product knowledge with continuous technical and industry training programs to ensure that Misys support teams can meet your evolving business needs.

**Scalable support model:** As a Misys client, you can choose from a standard, professionalised support model or a specialised, premium support package depending on your needs. Because Misys support has a broad, global footprint that operates in all time zones and regions, Misys teams can scale to your requirements.

**Valuable advisory services:** Our Systems Advisory Group (SAG) provides system reviews to help clients understand how to use their Misys systems more effectively and derive maximum value from their applications.

SAG reviews have helped more than 80% of participating customers to identify ways to utilise their Misys software more effectively and use more system functionality.

# Proven award winning solutions



## **FS Tech Awards 2013**

Misys Global Risk wins the "Risk management software of the year" award in April 2013



## **Risk Technology Rankings 2012**

Misys wins overall category and 7 others in the 2012 Risk Technology Rankings



## **Structured Products Technology Rankings 2012**

Misys wins Risk Management – Collateral Management and 4 others in the Structured products 2012 Awards



## **Risk Technology Rankings 2013**

Misys wins enterprise-wide risk management category and seven others in the 2013 Risk Technology Rankings



## **AsiaRisk Technology Rankings 2013**

Misys wins overall category and 7 others in the Asia Risk Technology rankings 2013



## **AsiaRisk Technology Rankings 2012**

Misys wins overall category and 7 others in the Asia Risk Technology rankings 2012

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## About Misys

Misys is at the forefront of the financial software industry, providing the broadest portfolio of banking, capital markets, investment management and risk solutions available on the market. With more than 2,000 customers in 130 countries our team of domain experts, combined with our partner eco-system, have an unparalleled ability to address industry requirements at both a global and local level. We connect systems, collect data and create intelligent information to drive smarter business decisions. To learn more about how our Fusion software portfolio can deliver a holistic view of your operations, and help you to solve your most complex challenges, please visit [misys.com](http://misys.com) and follow us [@MisysFS](https://twitter.com/MisysFS) on Twitter.

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