

IBM Model Risk Governance Quick Win Service



Highlights:

- Enables compliance with a variety of regulations across multiple regions and jurisdictions
 - Creates and maintain a comprehensive model inventory
 - Enables firms to define the policy and procedures governing the inception, management, use and retirement of each model
 - Allows management review of compliance with policies across the organization, with results displayed in a configurable dashboard
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Enabling strong model governance, reporting and compliance across the enterprise

Model Risk Governance (eMRG) helps banks and financial institutions address the risk that arises from the inaccuracy or misuse of models. Featuring dynamic dashboards for clear, concise reporting, this configurable platform enables firms to create and maintain a comprehensive model inventory for enhanced collaboration and regulatory compliance across multiple regions and geographies.

Most organizations today have limited view or interaction with the very models that drive their business processes. Those that rely on these models are being asked to validate not only the correctness of the model but also ensure that the model has been properly reviewed and approved as required.

Risk intelligence, in organizations large and small, is derived by many complex processing chains that are highly data dependent and have many potential points of failure. These processes are understood by a very select group of subject matter experts who rarely interact with decision makers across the business. These decision makers are the very users requiring such risk intelligence in order to better manage and make decisions about the risk exposure where it most often occurs - on the front lines. As systems of engagement continue to evolve and decision making is moving from the elite few to the empowered many, how can you be sure your risk intelligence can be trusted to support critical decisions across the organization?

The consequences of model failure can lead to potential financial losses, reputations costs, and costs in terms of lost profits associated with model risk. Taking steps to better manage the critical models used, and expanding the collaboration with the business, can help organizations avoid such losses.

Overview

Organizations need to take a proactive approach to Model Risk Governance to address not only the internal risks can directly manage but to also provide visibility to external stakeholders and regulators. They must build on the notion of a strategic approach to enterprise risk management that is focused on building trust for the stakeholders and providing another element of control to drive performance value for the organization. To do so, they must begin to break down the 'black box' regarding Model Risk Governance by investing in an enterprise



technology and methodology that bridges traditional risk silos to increase transparency and deliver holistic, trusted actionable intelligence when it is needed to support decisions.

Enterprise risk governance is the key to building trust. Model risk governance forms part of a wider enterprise risk governance initiative.

IBM's eMRG solution is a multi-user, enterprise-wide platform that enables:

- Model risk managers to collate, organize and maintain the enterprise-wide list of models without use of spreadsheets
- Model users, consumers and stakeholders to document & track issues associated with models in a central location
- Senior Management to assign, communicate and review appropriate roles and responsibilities for model ownership and model risk management in a well-documented, accessible, environment
- Model owners and model risk managers to provide reports for internal and external stakeholders on a regular basis and in support of specific queries

Each version is intended to provide more support for these activities “out of the box”, reducing the level of required customization.

Key activities

This service includes the following:

- Solution design
- Detailed specifications
- Platform installations - multiple environments
- Build - schema and security
- Build - reporting and automation
- Release packaging
- Configuration testing
- Test plan development and execution of UAT
- Training and deployment

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