



WASATCH PARTNERS CONSULTING

Capital Management Optimization Efforts

Basel III RWA Optimization Case Study

Client Challenges

Our client found inconsistencies between similar data published in two reports from different reporting functions. They sought to understand the root causes of calculation differences between reporting policies and the various calculation systems.

Without data lineage and controls in place, root cause analysis was challenging as the departments involved reported in silos to the same regulator. They did so with different data models, different data sourcing strategies, no common data glossary, and no internal comparison of results.

WPC Solution

Analysis Steps

Identify inconsistent Risk-Weighted Asset (RWA) reports and calculations between departments and document the requirement they were trying to meet.

Establish clarity over the purpose and method for each output.

Identify Inconsistent client and trade reference data, data path, and data usage (all inputs and outputs).

Evaluate internal policies and procedures and compare to the external regulatory guidelines. Document the calculation logic and intermediate data outputs to ensure alignment before and after each calculation, enrichment, or reporting step.

Understand challenges in relation to: business models, department responsibilities, functional limitations, technical approach, data sourcing, and regulatory remits.

OUR SOLUTIONS

Creating Building Blocks

“With these building blocks, WPC facilitated cross-departmental meetings to agree common data sources and calculations that should be shared.”

Brian Valentine
CEO, Wasatch Partners
Consulting

Comparisons

WPC compared results across time periods and departments (market risk, credit risk and finance) of several examples of data that was intended to match. We also isolated areas of risk in data sourcing, transformations, and enrichment. We reviewed our client’s data glossary and mapping structure. As a result, we designed more effective tracing processes and controls.

Combining Skills

WPC applied a combination of business experience and clarity of instruction to evaluate and train across departments and third-party service providers. This deliverable was an essential part of the project to ensure the client’s internal staff could control, identify, and self-correct when similar issues arose in the future.

Client Benefit

With these building blocks, WPC was able to facilitate cross-departmental meetings. The aim of these meetings was to agree common data sources and calculations that should be shared, as well as enrichments and data limitations that could not be changed at this time without policy changes to support them. We forwarded these as recommendations to the responsible management teams.

WPC identified and resolved inconsistent RWA calculations and inconsistent client and trade reference data.

Having evaluated internal policies and procedures against regulatory guidelines, we helped put in place improvements to the internal guidance, established clearer documentation, and completed mappings that allowed clearer inter-departmental comparisons before calculations were reported externally.

TALK TO US

We are here to answer any questions regarding this case study or simply talk with you about potential solutions for your business- The WPC Team

Corporate Offices

1283 E South Temple, #403
Salt Lake City UT
84102 USA

1511 Ave Ponce de Leon, #10192
San Juan, Puerto Rico
00909 USA

Direct Contact

Phone: +1 203.260.1739

Email: valentbr@wasatchpartnersconsulting.com

Linkedin: <https://www.linkedin.com/company/wasatch-partners-consulting/>