In today’s regulatory environment, the focus of regulatory supervision has extended beyond the quantitative aspects of risk management to encompass the effectiveness of the risk governance process. A strong governance framework backed by Board oversight is a critical pillar of regulatory plans for ensuring stability and accountability of large institutions. Risk appetite management is one such tool at the disposal of banks to improve governance. Oracle Financial Services Enterprise Risk Assessment helps institutions to formally articulate, measure, track and report their risk appetite in an enterprise-wide consistent manner.

Improve Governance with a Comprehensive Framework

Achieving a balance between risk and returns is key to the success of any organization. A well defined risk appetite statement provides guidance to various organizational stakeholders on achieving the strategic objectives within the overall risk limits set by the Board. Establishing a threshold for an organization’s risk appetite is no easy feat, with rapidly changing business conditions and new regulatory requirements. Financial institutions are finding it challenging to clearly define and articulate their risk appetite in measurable terms. Oracle Financial Services Enterprise Risk Assessment helps an organization improve governance by establishing strategic and business objectives, formally defining and monitoring its risk appetite to achieve these objectives and taking corrective actions in a timely manner.

The application provides a framework to define an organization’s risk appetite statement in terms of specific, measurable components such as strategic objectives, specific statements and key indicators. Financial institutions can articulate, measure, track and report risk appetite in multiple areas including capital adequacy, operational risk, profitability etc. across the enterprise at multiple levels including risk categories and sub categories, lines of business and locations.

Management now has the ability to monitor business performance against the risk appetite on a periodic basis across the entire organization, rather than measuring it in silos; empowering them to make better, informed organizational decisions. In addition, any potential issue can be raised at any time and action plans can be defined and tracked to remediate the issues. Early warning indicators can be sent to highlight any deviations from organizational goals or potential risk appetite limit breaches and corrective action can be taken ahead of time, rather than fixing it after a crisis.
KEY BENEFITS

• Formally articulate your risk appetite statement in measurable terms
• Continuously measure and track performance of the risk appetite at multiple levels within the organization through periodic assessments
• Provide early warning indicators to identify deviations from organizational goals and enable timely corrective action
• Establish accountability by defining, assigning and tracking issues and actions
• Improve governance by tracking each task through pre-built workflows and notification capability
• Translate organizational strategy into tangible and visible results

RELATED PRODUCTS

The following products complement Oracle Financial Services Enterprise Risk Assessment:

• Oracle Financial Services Liquidity Risk Management
• Oracle Financial Services Model Risk Management
• Oracle Financial Services Operational Risk
• Oracle Financial Services Governance & Compliance Management
• Oracle Financial Services Operational Risk Analytics
• Oracle Financial Services Market Risk
• Oracle Financial Services Analytical Applications Infrastructure

Figure 1: Risk Appetite Assessment Heat Map

Enable Regulatory Compliance

Today, regulators require financial institutions to have a well established governance process that is fully documented, approved by the Board and monitored on a regular basis in an enterprise-wide consistent manner. The regulatory requirements surrounding governance are more stringent with regulators demanding tangible evidence that the organization is operating within its risk appetite limits; and this is very difficult to provide. Oracle Financial Services Enterprise Risk Assessment helps banks tie back their risk and finance activities to their risk appetite statement thus providing a holistic view of their performance against risk appetite.

Oracle Financial Services Enterprise Risk Assessment is an end-to-end risk appetite management application that addresses risk appetite definition, periodic monitoring and reporting, issue and action creating and generation of alerts. With this comprehensive framework, financial institutions have the ability to provide factual evidence to the regulators that they are operating within their risk appetite through periodic assessments and pre-built reports. It also gives the ability to address regulatory requirements of reporting against risk appetite through pre-built dashboards and reports.

Figure 2: Risk Appetite Assessment Ratings
Implement a Pre-Built, Unified Analytical and Reporting Environment

Oracle Financial Services Enterprise Risk Assessment works on the Oracle Financial Services Analytical Applications Infrastructure. This unified pre-built, unified analytical and reporting platform has comprehensive coverage across the organization. It is versatile to help maximize performance across individual categories including risk, finance, compliance and customer insight and across specific areas including liquidity risk, operational risk, credit risk, model risk, and so on, all while operating within Board specified risk limits.

The application provides the ability to assess risk appetite at multiple levels and across multiple areas to address reporting requirements of multiple stakeholders, both internal and external to the institution. Risk appetite heat maps enable detailed analysis of the relative performance of each component and its contribution to the achievement of the overall strategy of the organization. Risk assessment statistics allow users to identify the time taken to complete assessments and current performance across multiple statements.

Oracle Financial Services Enterprise Risk Assessment ensures enterprise-wide consistency and avoids duplication of efforts by leveraging components such as key indicators, issues and actions, etc. across multiple applications thereby saving the organization time and effort.

About Oracle Financial Services Enterprise Risk Management

Oracle Financial Services Analytical Applications bring financial institutions best of breed capabilities to proactively manage Risk, Treasury, and Finance. The applications are built upon a commonly available analytical infrastructure consisting of a unified financial services data model, analytical computations, a Metadata driven “R” modeling platform, and the industry-leading Oracle Business Intelligence platform. This provides one version of the analytical “truth” throughout the enterprise.

Oracle Financial Services Enterprise Risk Management spans all areas of risk, including credit, market, operational, liquidity, fixed asset, business, and reputational risk. This solution enables financial institutions to establish a single measure of risk across the organization and obtain a comprehensive and consistent view of risk and performance. Oracle Financial Services Enterprise Risk Management helps manage all risk and provides necessary feeds for compliance-based reporting. The capabilities of Oracle Financial Services Analytical Applications for finance and risk help institutions address compliance issues that demand a close operational synergy between finance and risk functions.
For more information about Oracle Financial Services Enterprise Risk Assessment, visit oracle.com or call +1.800.ORACLE1 to speak to an Oracle representative.