ORACLE FINANCIAL SERVICES ENTERPRISE STRESS TESTING AND CAPITAL PLANNING ANALYTICS

Each year financial institutions are required to comply with a plethora of regulations, and this becomes even more complicated for those operating in multiple jurisdictions. With the onset of additional scrutiny from regulators on liquidity under stressed conditions and the Internal Capital Adequacy Assessment Process (ICAAP), stress testing is once again at the forefront of the requirements banks have to comply with; and this time around the mandates are stricter, have tighter timelines, and require on-demand reporting. Oracle Financial Services Enterprise Stress Testing & Capital Planning Analytics enables financial institutions to comply with the new orders and gives senior management a 360° view of data to eliminate organizational silos.

Achieve Enterprise-wide View of Stress Testing

Oracle Financial Services Enterprise Stress Testing and Capital Planning Analytics provides a unified reporting environment that enables banks to view their stress testing results across risk and finance. Banks can now assess the impact of a stress scenario on the income statement, balance sheet, and capital and liquidity of an institution thereby providing a holistic view of stress testing across the organization. This overcomes the disadvantages of the traditional “silo’d” approach to stress testing and enables banks to assess the domino effect that adverse scenarios have on multiple risk dimensions across the enterprise. The application allows comparison of results across multiple stress scenarios of varying magnitudes which enables banks to develop mitigation strategies for those risks, or a combination of risks, that threaten their solvency.

Figure 1: Detailed Analysis of the Income Statement
KEY BENEFITS

- Provide CXOs with a single, consistent view of stress testing results through the assessment of each stress scenario across risk and finance
- Empower top management to proactively make capital management decisions based on accurate, timely and streamlined information
- Achieve sound capital planning by identifying and addressing weaknesses in capital adequacy
- Ensure consistency in your capital planning process by projecting profit and loss, income, balance sheet and capital based on the same scenarios
- Ensure effective compliance with the Dodd-Frank Act and the guidelines of multiple regulators including BIS, FSA, APRA, and US Federal Reserve
- Leverage standard or customer built report templates and dashboards and become privy to valuable information within minutes

Improve Capital Management and Strategic Planning

In order to operate and remain compliant with regional regulations, all banks need to have a robust capital assessment and planning process in place. This application facilitates the process by providing timely and accurate information relating to the capital composition and the sources and uses of funds to the bank’s higher management.

Oracle Financial Services Enterprise Stress Testing and Capital Planning Analytics highlights weaknesses in a bank’s capital adequacy by comparing the available capital with the required capital under baseline and stress conditions across the planning horizon, enabling them to take corrective action. It ensures consistency in the planning process by reporting the profit and loss, income, balance sheet and capital based on the same scenarios. This makes certain that banks have adequate capital to remain solvent and meet current and future regulatory and economic capital requirements under extreme adverse conditions.

![Break-up of Required Capital by Risk Categories](image)

**Figure 2: Break-up of Required Capital under Baseline and Stress Conditions**

Efficiently Comply with Regulatory Reporting Requirements

Regulators across jurisdictions are increasingly advocating enterprise-wide stress testing that moves away from a “silo’d” approach to an all encompassing view of the impact of scenarios across multiple metrics. Oracle Financial Services Enterprise Stress Testing and Capital Planning Analytics enables banks and financial institutions to comply with the enterprise stress testing requirements of regulators across multiple jurisdictions including BIS, FSA, US Federal Reserve, APRA etc.

The application enables compliance with the Comprehensive Capital Assessment Review guidelines and the Dodd-Frank Act through pre-configured FR Y-14 annual, quarterly, and monthly templates that provide consolidated stress testing results at the granularity desired by the US Federal Reserve thereby easing the regulatory submission process. Oracle Financial Services Enterprise Stress Testing and Capital Planning Analytics also includes DFAST reports that are to be submitted by two types of North American financial institutions:

1. Bank holding companies with total consolidated assets greater than $10 billion but less than $50 billion
2. Savings and loan holding companies and state member banks with total consolidated assets greater than $10 billion

The application also provides the information required to formulate and address the requirements under the Basel II committee on the Internal Capital Assessment Process (ICAAP).
Enable Multi-dimensional Assessment of Stress Results

Multi-dimensional assessment of stress results gives banks a holistic view of the stress testing and capital planning process outcomes. Oracle Financial Services Enterprise Stress Testing and Capital Planning Analytics allows top management to view income, balance sheet, risk, capital and liquidity measures across multiple dimensions including time, lines of business, risk categories, asset classes, product types and so on. The application includes a detailed drill-through functionality that facilitates in-depth analysis of risk and performance metrics across multiple dimensions.

Provide Actionable Insight to Ensure Timely and Accurate Decisions

With Oracle Financial Services Enterprise Stress Testing and Capital Planning Analytics, banks can actively incorporate risk into their decision making process by providing the right information to the right people on-demand. It provides actionable information to the C-level management through streamlined and accurate reporting functionality that delivers complete, consistent and multi-dimensional view of various metrics. This enables the decision-making process to be proactive and accurate thereby ensuring timely intervention by the senior management in situations that are potentially threatening. Furthermore, the application ensures consistency in the planning process by reporting the profit and loss, income, balance sheet and capital based on the same stress testing conditions and scenarios. This gives the decision makers a sense of certainty that the bank has adequate capital to remain solvent and meet current and future regulatory and economic capital requirements under potentially adverse conditions.
Leverage Oracle's Industry Leading Business Intelligence Application

Oracle Business Intelligence Suite Enterprise Edition is a comprehensive suite of enterprise business intelligence (BI) products that delivers a full range of capabilities, including interactive dashboards, full ad-hoc queries, proactive intelligence and alerts, enterprise and financial reporting, real-time predictive intelligence, disconnected analytics, and more. In addition to providing the full gamut of BI functionality, the Oracle Business Intelligence Suite EE platform is based on a proven, modern web Services-Oriented Architecture that delivers true next-generation BI capabilities.

Oracle Financial Services Enterprise Stress Testing and Capital Planning Analytics enables users to view and analyze metrics easily across regulatory and internal stress scenarios through drop-down parameters for reporting that allow the report view to be changed “on the fly” with data changing accordingly. OBIEE provides the flexibility of dragging and dropping dimensions and measures that allows existing reports to be modified or custom reports to be created easily by a business user.

About Oracle Financial Services Analytical Applications

Oracle Financial Services Enterprise Stress Testing & Capital Planning Analytics is part of Oracle Financial Services Analytical Applications, an integrated suite of applications that share a common account level relational data model and application architecture. Oracle Financial Services Analytical Applications enable financial institutions to measure and meet risk-adjusted performance objectives, cultivate a risk management culture through transparency, and lower the costs of compliance and regulation.

Contact Us

For more information about Oracle Financial Services Enterprise Stress Testing and Capital Planning Analytics, visit oracle.com or call +1.800.Oracle1 to speak to an Oracle representative.