

Frequently Asked Questions

Oracle Financial Services Model Risk Management

Introduction

This document provides answers to pertinent questions for Oracle Financial Services Model Risk Management.

Questions and Answers

Scope

Q: What is the product's key offering?

A: Oracle Financial Services Model Risk Management provides enterprise-wide model information via a single repository and facilitates effective management of model risks by enabling identification and mitigation of risks.

Q: What are the industry drivers for Model Risk Management?

- A:
- Increasing regulatory pressure around the management of risks arising out of the models used by financial institutions is the most prominent market driver
 - Lack of centralized data on models because model deployment and governance were managed on a silo'd basis
 - Financial institutions who place too much reliance on models and the decisions derived out of the model outcomes are suffering losses and reputational risks.

Product

Q: What are the key capabilities of Model Risk Management?

A: Oracle Financial Services Model Risk Management provides institutions the ability to build a single repository of model critical information across the organization and improve governance through periodic and structured assessments of risks associated with the use of each model. The application has pre-built reports and dashboards around key indicators, including but not limited to model information, assessment results, and outstanding issues and actions. OFS MRM strengthens the governance framework and helps organizations meet regulatory requirements.

Q: What are the key features of Model Risk Management?

- A:
- Single repository for information on models used across all categories including risk, finance, capital adequacy, anti-money laundering and fraud
 - Provides a structured and standardized framework for periodic risk assessment of models
 - Includes the capability to create issues and action plans based on risks identified in use of each model
 - Pre-configured dashboards that provide on-demand access to model information
 - Ability to modify workflows using workflow management

Q: What are the key benefits of Model Risk Management?

- A:
- Build a common, enterprise-wide environment to manage information on models used across the organization
 - Establish a comprehensive, structured and consistent framework for periodic risk assessment of models across categories
 - Address regulatory requirements with on-demand access to key indicators on model risk through pre-built reports and dashboards information
 - Mitigate risks arising out of models through a formal mechanism for tracking issues and actions
 - Comply with BCBS 239

Q: What are the advantages expected to be derived by the financial institutions by licensing the product?

- A: With Oracle Financial Services Model Risk Management, financial institutions are expected to derive the following advantages:
- Single repository for information on models used in organization across all categories including risk, finance, capital adequacy, AML and fraud
 - Structured framework to manage the model development process
 - Provides a structured and standardized framework for periodic risk assessment of models
 - Includes the capability to create issues and action plans based on risks identified for each model or a set of models
 - Pre-configured dashboards that provide on-demand access to model information

- Ability to modify workflows using workflow manager
- Meet regulatory requirements around Model Risk Management including IMAP

Competitive Position

Q: What are the key differentiators?

A: Oracle Financial Services Model Risk Management's key differentiators are 1) a centralized environment to capture critical model information that helps in breaking organizational silos, 2) a structured framework to manage the stages involved in model development, 3) the ability to confidently manage and mitigate the risks arising out of models in use, 4) on-demand access to key indicators, and 5) the ability to build on the common OFSAA platform with unified data model, definitions and reporting.

Q: How does the product work with the rest of the OFSAA suite/platform?

A: Oracle Financial Services Model Risk Management is built on the common OFSAA platform with a unified data model, definitions and reporting; thereby enabling one version of the truth to business users. OFS MRM enables on-demand access to key indicators through the industry renowned OBIEE tool and is part of the GRC suite of products, working together with these products.

Q: What are the business pains that this application addresses?

A: The need to comply with regulatory requirements; lack of top down management visibility around enterprise level model data, risk management, governance and controls; increasing reliance on the models and undetected deterioration in model performance; and lack of enterprise-wide formal risk assessment programs are all business pains facing financial institutions without an effective solution to manage Model Risk.

Workflow Management

Q: Are the workflows configurable?

A: OFS MRM has pre-configured workflows and these workflows can be enhanced as per organization specific requirements with the help of workflow manager.

Model Risk Management

Q: How does the product help in mitigating model risks?

A: OFS MRM provides a structured issues and action framework to track issues and follow through with actions and thereby mitigate model risks.

Questionnaire

Q: Are the questionnaires configurable?

A: OFS MRM extensively uses the questionnaire feature. Each questionnaire consists of logical grouping of questions. The questions and questionnaire library can be enhanced with specific set of questions to suit the organizational needs.

Retire Model

Q: Does the product provide the option to retire models that have been discontinued from use?

A: OFS MRM provides the pre-configured workflows to retire the models with an option reinstate the model when needed.

Model Assessment

Q: How does the application support model validations?

A: With OFS MRM, model validations can be scheduled at periodic intervals. The application generates automated tasks to the validation teams before the model validations are due for review. Questionnaire based approach is followed for model validations and the validation teams can record the results including documentation.

Business Intelligence

Q: Does the application support business intelligence?

A: OFS MRM has pre-built reports and dashboards on models, model validations, issues and actions. The application provides on-demand access to model key indicators. There are reports with drill through options for detail analysis.

Pre-Requisites

Q: Is the Oracle Financial Services Analytical Applications Infrastructure a pre-requisite for the application?





A: Yes.



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Hardware and Software, Engineered to Work Together

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