Implementation of Platform X for
IFRS 9 ECL Computation
"a large bank in Africa"

The Client

The second largest bank in Mauritius with an asset base of over USD 5.7 Billion and operating across Mauritius, India, Madagascar, and Kenya.

Scope and Approach

The Bank had successfully undergone the transition for implementation of the IFRS 9 standards; however, the computations for ECL estimations were performed manually using excel, which was prone to errors as well as the timelines were quite high. Therefore, the Bank was looking to achieve full automation of the Expected Credit Losses (ECL) computation and was awarded the mandate to achieve Bank's goal with the help of our ECL solution – Platform X. The scope also included the design of business requirement specifications and the data model, assisting the IT team in the development of ETL jobs specification, UAT, user training, project management and documentation.

Platform X was configured to estimate the Point-in-Time probability of default (PD), and accordingly estimate lifetime PD's for various portfolio(s) across corporate, retail and investment(s). Similarly, estimation of other risk components, such as Loss Given Default (LGD), and Exposure at Default (EAD) approaches were also configured.

Our implementation timelines thereon were much shorter than traditional technology solutions' implementation times, because of our use of declarative metadata driven frameworks, that allows code-less configurations. Lastly, the success of such implementations depend on the rigor of user acceptance testing (UAT). Aptivaa helped the Bank in development of functional test cases and performed extensive UAT prior to Go-Live. The users were trained as well to perform the effective UAT. During the entire implementation, Aptivaa followed the train-the-trainer approach across the functional hierarchy by conducting various workshops. The entire implementation was successfully completed in fourteen weeks.

The project being strategic in nature was implemented in two phases. The first phase was focused on the Wholesale lending portfolio(s), and the second phase was aimed at the implementation of the other portfolios namely Retail, Investment, Banks and FI's. Reporting templates were customized to suit the Bank's internal and external reporting needs, and enabling the Bank to achieve nearly 'one-click' IFRS9 compliance.

Results

Given the proactive decision of the client to go for a fully automated solution and the brief implementation time, the Bank was among the first bank in Mauritius to achieve complete automation of the entire ECL computation process using a strategic solution for Corporate, SME, Investment, Banks & Sovereign and Retail portfolio across different geographic entities.

Deliverables

- → Data Model
- → Business Requirement Specifications
- → UAT Test cases
- → User Manual
- → Workshops to train the trainers
- → Technical manuals

Unique offering

- → Providing power of explanation in the hands of the business users with the help of strong attribution analysis
- → Declarative metadata driven frameworks, which allow configurations front-end
- → Extensive UAT support to rule out any possibility of incorrect configuration scenario(s)
- → Calibration performed to minimize the calculation time per record given the data size
- → Multiple Rigorous rounds of training and constant follow up with the Bank

About Us

Aptivaa is a vertically focused risk and compliance professional services firm offering risk consulting, solutions and analytical services to banks, insurers, as well as asset management and other financial services companies across the globe.

We have developed world-class competencies in high-stakes financial risk and compliance areas such as Enterprise Risk Management, IFRS 9, Credit, Market & Operational Risk, Basel II, Basel III, ICAAP, Risk Based Pricing, Risk Systems implementations etc. We strive to enhance our offerings in line with the latest regulatory updates and ever evolving risk management methodologies and frameworks across the industry.

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