

BearingPoint®

Business Process Outsourcing in Regulatory Reporting

A decorative graphic featuring several interlocking gears of various sizes, rendered in a light green color. A horizontal line with a circular dot at its left end extends from the left side of the page towards the center, passing behind the gears.

Joint Solution by
BearingPoint RegTech and IBM Services

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Increasing Regulatory Requirements Push Banks to Capacity Limits

Financial institutions are struggling with ever-increasing regulatory requirements.

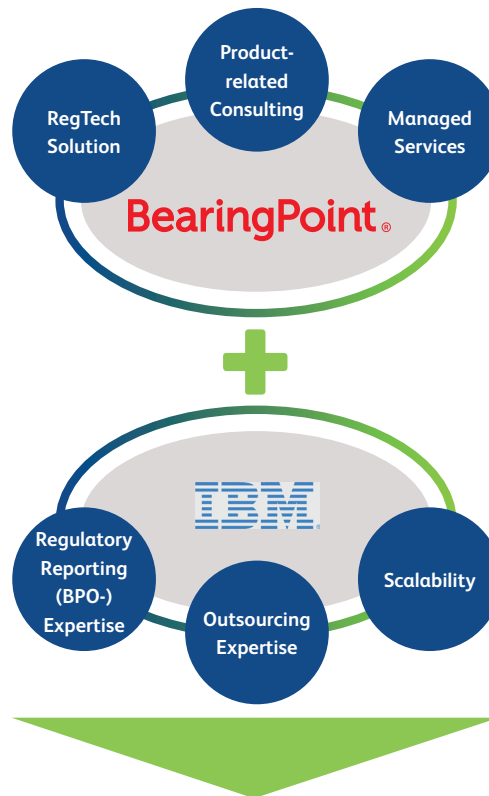
New regulations such as AnaCredit as an entry point into granular reporting, the sheer volume of data to be processed — which must be submitted in numerous monthly and quarterly reports to the supervisory authorities — as well as tight deadlines, threaten to exceed the capacity of the institutions.

The crucial challenge is to strike a balance between effort, cost and risk.



Mastering Challenges Using the BearingPoint and IBM Solution

With their joint solution BearingPoint and IBM address the challenges that financial institutions face in regulatory reporting. The solution enables financial institutions to outsource their regulatory reporting processes, including both outsourcing specialized processes and technical operations as well as software maintenance and further development.



One-Stop Solution — Outsourcing Regulatory Reporting

- Coverage of the regulatory value chain from software solution through managed services to the operative processing of regulatory reporting for the German market
- Solution based on standard software which facilitates economies of scale
- Enough flexibility to adapt to client specific requirements
- Development and support by expert teams with many years of experience in the financial sector

Steps 1 and 2: Streamline Regulatory Reporting Using Software & Managed Services provided by BearingPoint

The technical basis of the BPO solution is BearingPoint's Abacus platform, an established standard software for national and international regulatory reporting, statistical reporting, granular reporting (AnaCredit) and ad-hoc reporting.

In addition to the standard software, BearingPoint offers a comprehensive, modular managed services solution. This includes:

- Infrastructure services, e.g. the provision of a certified data center, the provision of infrastructure (hardware, system software) as well as the installation and configuration of the system components
- Application management, including providing/installing software modules, developing test and production systems, user help desk/support and the revision of technical documentation
- Application support, such as processes in the field of data delivery, processing and report generation as well as master data maintenance and preparation of standard reports

BearingPoint

Renowned financial institutions representing around 800 reporting entities, among them a major part of the most important European banks under direct SSM supervision and many other financial service providers use ABACUS/ DaVinci and the new software generation Abacus360 Banking Regulatory.

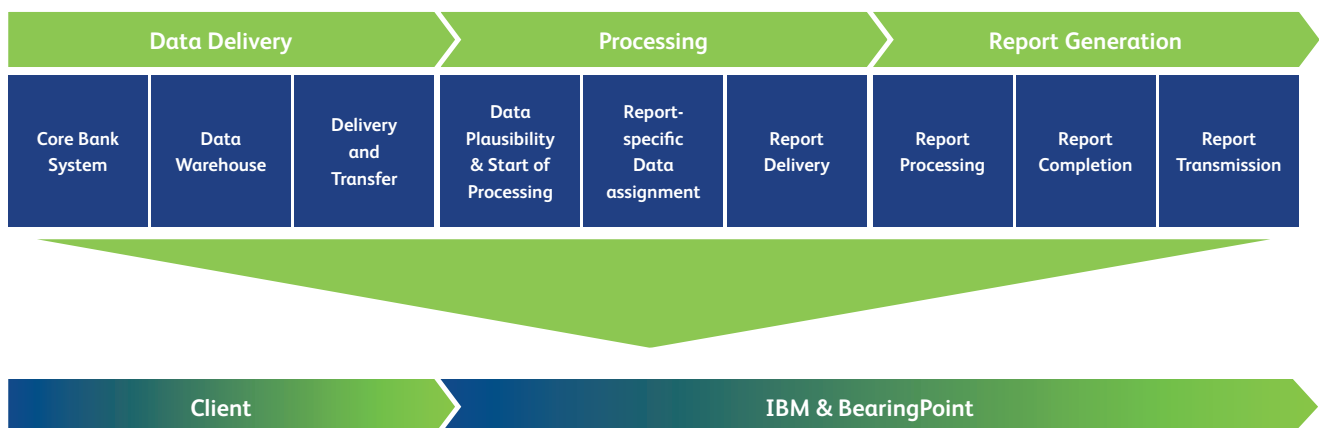
Step 3: Handing Regulatory Reporting over to IBM as an Experienced Partner — Report Generation & Submission

After receiving the data from the client and processing the data in Abacus, IBM prepares the regulatory reports and submits them to the Extranet of the German Bundesbank. In this process, the client takes care of the report release. In case additional process descriptions are required those must be agreed upon per case.

IBM

IBM has an operational reporting team of specialists and provides professional reporting for several clients. In 2017, Erste Financial Services GmbH (EFS) of Düsseldorf, a service provider for the provision of back-office and IT services to the financial industry, which also includes the successors of WestLB, outsourced most of its business processes to IBM Deutschland GmbH. This involved the acquisition of numerous EFS experts by IBM.

Business Process for Regulatory Reporting



IBM's scope of regulatory reporting covers the following topics:

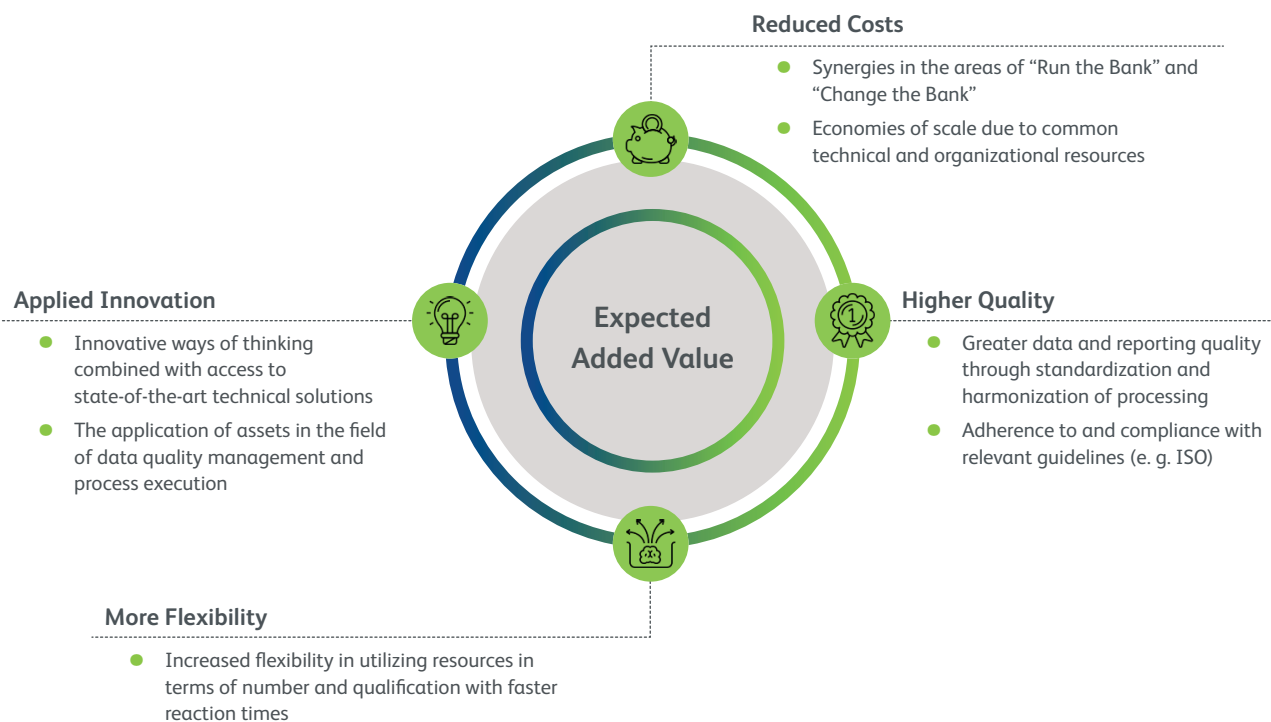
- **Bank Statistical Reporting**
Balance sheet statistics (BISTA), foreign status, borrower statistics, MFI interest rate statistics, notifications according to Foreign Trade Ordinance (AWG/AWV), notifications acc. Financial and risk-bearing capacity information regulation (FinaRisikoV), financial information according to FinRep, etc.
- **Credit Reports & Institutional Credits**
Large Exposure reports pursuant to Art. 387 et seq. CRR, million loan reports pursuant to § 14 Banking Act (KWG), support in forming/maintaining borrower units pursuant to § 19 para. 2 Banking Act and groups of connected clients (GCC) pursuant to Art. 4 para. 1 no. 39 CRR, credit data statistics AnaCredit (Analytical Credit Datasets) according to AnaCredit Regulation, institutional credits according to § 15 KWG, etc.
- **Capital Requirements Regulation/Solvency Regulation (CRR/SolvV) Reporting**
Own Funds Reporting, Leverage Ratio and Asset Encumbrance, Money Market Statistics, Basel Interest Rate Risk Coefficients, Association Reporting, EU Deposit Insurance, FED Reporting, Disclosure, Maintenance of Regulatory Scope of Consolidation, etc.
- **Liquidity Reports**
Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Additional Monitoring Metrics (AMM), etc.
- **Other Services**
Assistance for participation reports (acc. to § 24 Banking Act), assistance/guidance for the finance department when preparing annual financial statements and audit documents, preparation and interpretation of supervisory standards, advice on supervisory aspects in the development and mapping of products and transactions, supervision of the new product processes, assistance during the implementation of supervisory and client-driven changes in regulatory reporting, etc.

Other reports not mentioned here can become part of the contract. Feel free to contact us.

Even according to the MaRisk amendment, the reporting process may be outsourced. The final process responsibility and the formal release of the reports remain with the client. By relieving the client of the technical preparation, the institution is free to concentrate on its core competencies, such as risk analysis and the strategic development of its business.

Winning Using Business Process Outsourcing in Regulatory Reporting

Financial institutions are under pressure in two ways — they need to preserve their ability to report while limiting costs in an increasingly volatile, uncertain and complex environment. Here, alternative sourcing approaches can provide added value in terms of potential cost reductions as well as improvements in terms of flexibility, quality and innovation.



We see a growing demand for BPO services in regulatory reporting as it becomes increasingly difficult for financial institutions to meet supervisory, workforce, financial and risk management requirements.



About BearingPoint RegTech

BearingPoint RegTech, a business unit of management and technology consultancy BearingPoint, is a leading international provider of innovative regulatory and risk technology solutions (RegTech and RiskTech) and services along the Regulatory Value Chain for financial services.

Customers representing 6,000 firms worldwide, among them large international banks, a major part of the largest European banks, leading insurance companies as well as supervisory authorities and central banks, trust BearingPoint RegTech's products and services.

BearingPoint RegTech works closely with regulators and, as a member of standardization bodies such as XBRL, actively contributes to the standard-setting process. BearingPoint RegTech combines regulatory know-how with proven, reliable and forward-looking RegTech solution suite, expert consulting capabilities, managed services and training seminars.

For more information, please visit:

www.reg.tech

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About IBM

To help companies of all sizes transform their business models digitally and harness the power of digitalization, IBM focuses on growth initiatives, business analytics, cloud computing, blockchain, and security. These strategic fields provide IBM with both the foundation of their ever-expanding solution portfolio and the foundation of their ongoing transformation to becoming an AI and cloud platform provider.

Our business, technology and industry experts help companies innovate to reduce costs and risks, ensure compliance, accelerate time-to-market, unlock new revenue streams and build a secure, reliable infrastructure for AI and the Hybrid Cloud.

For further information:

<https://www.ibm.com/industries/de-de/banking/>
<https://www.ibm.com/de-de/services>

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