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## Highlights

- Enhances operational efficiency, analysis and origination of credit with enterprise-wide data management
  - Helps improve profitability with comprehensive, end-to-end credit lifecycle support
  - Enables management of credit risk across the banking book and trading book
  - Supports detailed views of exposures and monitoring of limits
  - Offers mobile access for immediate insights and remote action
  - Supports mitigation management and collateral eligibility
  - Provides oversight of potential impacts to a portfolio
  - Facilitates control and compliance
  - Offers cost-effective integration with a bank's existing systems
  - Enhances confidence with a sound solution and trustworthy results
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# IBM Algo Credit Manager

*Improving profitability, control and credit outcomes*

## Refocusing on fundamentals: The ROI of end-to-end credit lifecycle management

Banks today, under increasing scrutiny from regulators and growing expectations from shareholders, are looking to advance approaches that will ensure available capital is put to its most effective use. To achieve this, many institutions are refocusing on the fundamentals—formulating strategies to improve the profitability of their commercial loan portfolios—through major investments in IT infrastructure and new software that will better manage risk, decrease operating costs, and help drive growth.

IBM® Algo Credit Manager enables banks to meet these challenges by empowering managers to more effectively identify, price, control, monitor, and ultimately reduce, credit risk. With advanced data management spanning multiple business lines and products across both banking and trading books, this end-to-end credit lifecycle solution can help banks align with regulatory standards for risk data management.”

Featuring role-specific interfaces and mobile support, IBM Algo Credit Manager provides decision makers with the capabilities they require—dynamic operational controls, enterprise-wide credit risk aggregation and limits management, and exposure insights—to grow their bank's commercial loan portfolios and increase return on capital.



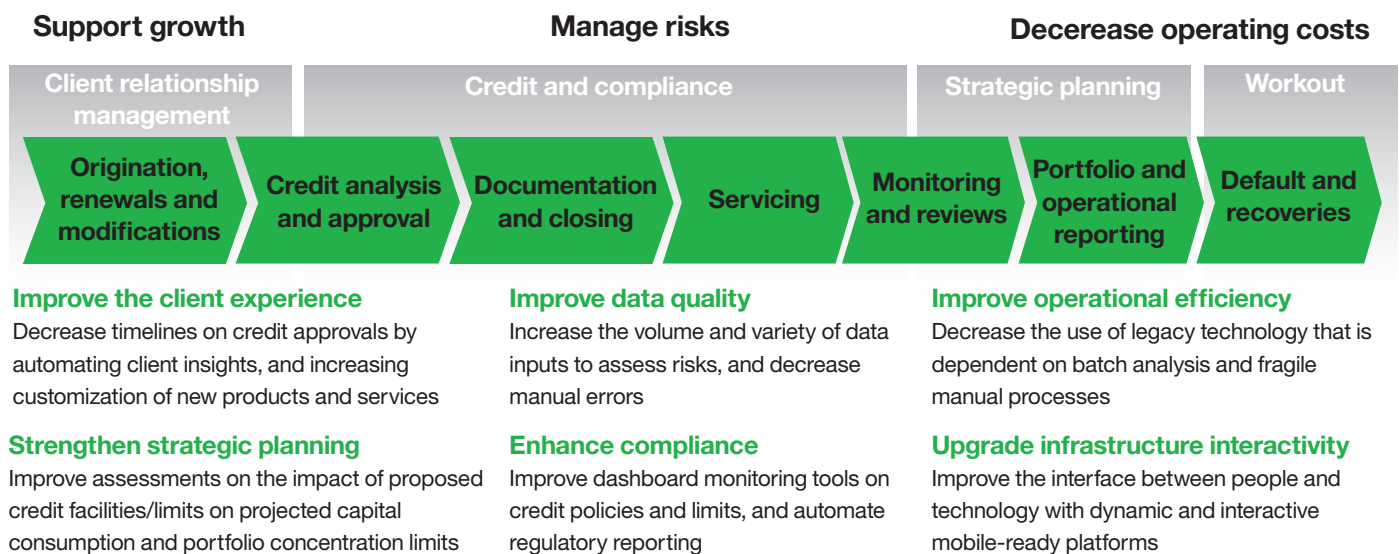


Figure 1: IBM Algo Credit Manager provides end-to-end credit lifecycle benefits and decision support.

### Enhances operational efficiency, analysis and origination of credit with enterprise-wide data management

IBM Algo Credit Manager enhances operational efficiency and customer service, with consistent, enterprise-wide data management of credit approvals. Replacing legacy technologies dependent on batch analysis and manual processes, the solution enables more efficient analysis and origination of credit, including generating initial proposals, approvals, renewals, and modifications. With electronic storage of supporting documentation at every step, IBM Algo Credit Manager's integrated workflow automatically processes customer onboarding and credit requests through the approval chain and credit committee processes, providing decision makers with automated measures and tools for further analysis (such as deal pricing calculators for analysis of the risk adjusted return on capital (RAROC)) at each stage.

### Helps improve profitability with comprehensive, end-to-end credit lifecycle support

Providing comprehensive, end-to-end credit lifecycle support, IBM Algo Credit Manager can help banks grow their most profitable client relationships and mitigate potential losses. From origination and renewals, through to redemption and workout in the event of default, this integrated solution enables better management of customer credit relationships through real-time access to the risk-return profiles of individual clients and portfolios. Proactive alerts and extensive insights empower decision makers throughout the credit lifecycle, helping them to avoid costly losses—by enabling swift action on any borrower, counterparty or portfolio segment experiencing credit deterioration—while identifying new business opportunities for growth.

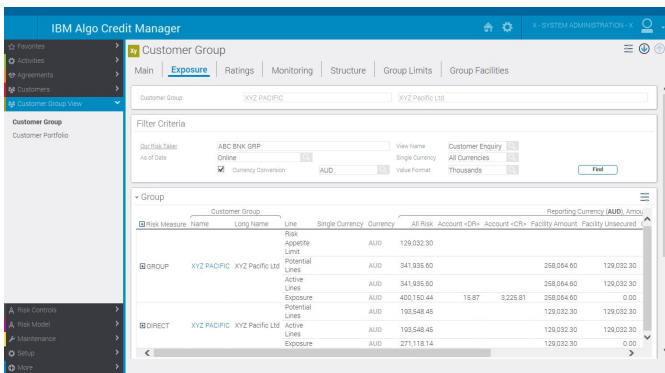


Figure 2: IBM Algo Credit Manager — Role-specific user interfaces ensure that each user has the critical insights they need.

### Enables management of credit risk across the banking book and trading book

IBM Algo Credit Manager supports the modeling of complex credit limits and controls, multi-leaf facilities, and mitigation structures in ways that address the distinct requirements of both strategic decision makers and regulators. With a consolidated enterprise-wide view of exposure, excess and availability at all levels of the defined facility and portfolio hierarchy, IBM Algo Credit Manager aggregates transactions from operational systems for the banking and trading books to calculate secured and unsecured exposures and transfer risks to third parties. For relationship managers, the solution's Risk Review Diary function enables tracking of important milestones in the overall relationship—for example, when covenants are due for review—and allows alerts to be set up to notify when reviews are not completed in a timely manner, providing options for managers to escalate and accelerate approvals.

### Supports detailed views of exposures and monitoring of limits

Featuring configurable Web-based interfaces to view limits, exposures and headroom by obligor, relationship and portfolio, IBM Algo Credit Manager provides decision makers with full drill-down support to uncover contributing entities and transactions. Exposures are updated according to the timeliness of transactions received from the source transaction processing systems of the bank, taking Master Agreements and other available mitigation into proper account.

The solution enables limits to be individually established and approved for an entity, or automatically generated according to specific characteristics (such as client, counterparty and portfolio grouping) with options to configure carve out limits across organizational structures, and subordinate entities sharing parent limits where required. When carve-out limits are applied at desk-level, the solution provides summary and detailed views by desk, and temporary limit adjustments can be applied to address short term excesses, taking advantage of free capacity elsewhere.

### Offers mobile access for immediate insights and remote action

Offering mobile access to consolidated exposure information, IBM Algo Credit Manager enables risk managers and senior management to set and manage credit limits across the enterprise, including client-specific and global limits based on numerous exposure dimensions such as geographies or industries. Limits can be created against multiple risk types, ranging from those based on notional amounts to more sophisticated measures used for internal risk management (for example, managing counterparty limits for OTC derivatives, or limits based on economic capital for banks to monitor potential risk concentrations in their credit portfolio). Supporting decision makers when away from the office, the mobile IBM Algo Credit Officer application alerts designated approvers to remotely review, approve or take other actions.

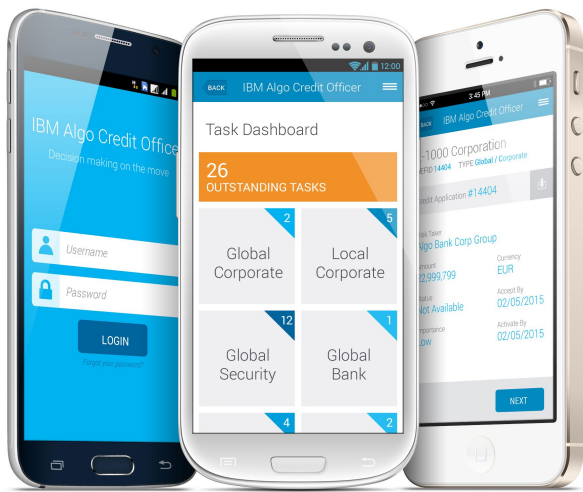


Figure 3: IBM Algo Credit Officer mobile provides remote access enabling immediate, risk-informed action.

### Supports mitigation management and collateral eligibility

The IBM Algo Credit Manager solution incorporates a mitigant register for the banking book that covers mitigation by lien, risk transfer and margin. This provides a system of record dedicated to mitigant management in its own right, and includes comprehensive capture of the underlying assets, current and historical market value and applicable haircuts to be used when determining LTV. The solution also helps ensure the eligibility of collateral when determining secured exposure and any shortfall of collateral for margin-based credit agreements.

### Provides oversight of potential impacts to the portfolio

IBM Algo Credit Manager provides oversight of potential impacts to the portfolio, with trustworthy control of processes for aggregating input data, generating insights on ad-hoc what-if analysis, and outputting standardized reporting. The solution's data warehouse stores both proposed and approved credit applications, which feed into the analysis of impacts to exposure by country, currency, and sector risk. Reporting packs are also available to support drill-down into analyses which incorporate a RAROC model into the Credit Application process.

### Facilitates control and compliance

With processes executed as automated workflows, IBM Algo Credit Manager enhances control and compliance by helping ensure that the right steps are taken in the right sequence. To verify that data is internally consistent, data validation steps can be performed and tracked, recording all comments, changes, and signoffs for subsequent review. As well, checklists can be configured to validate proper completion of intermediate actions, before being marked as complete and ready to advance forward. IBM Algo Credit Manager's electronic document repository stores all documentation, and provides banks with a rich functionality to manage document security and retention.

### Offers cost-effective integration with a bank's existing systems

IBM Algo Credit Manager helps control costs through cost-effective integration with a bank's existing systems. The solution enables firms to integrate almost any dataset, and analyze improvements in modelling exposures, with support for both a wide range of the latest message-based protocols, as well as batch file formats that are still in use in many institutions. The solution's integration architecture is designed as a consolidation engine for multiple systems, equipped to handle the technological challenges of consolidating and tracking every relevant piece of data, and capable of demonstrating this control to regulators with transparent and auditable reporting.

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**IBM is Category Leader for Data Management and BI for Risk**

IBM is recognized as Category Leader—with “strong focus on both banking & trading book”—in Chartis RiskTech Quadrant for Data Management and BI for Risk.

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**Enhances confidence with a sound solution and trustworthy results**

Incorporating decades of IBM risk expertise, best practices and technologies, IBM Algo Credit Manager provides controls and insights to decision makers at multiple levels of a bank. By enabling more effective management of risk and reward across the credit lifecycle, the solution gives decision makers the support they need to help grow commercial loan volumes and improve profitability, while also helping them protect the enterprise from excessive credit losses.

**About Business Analytics**

IBM Business Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management, and risk management.

Business Analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision-making to achieve business goals.

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