



SKYSPARC



SUCCESS STORY

Central bank's risk department delivers flexible, higher quality reports through automation

USE OF OMNIFI REDUCES OPERATIONAL RISK AND INCREASES PRODUCTIVITY

INDUSTRY

Central banking

SOLUTIONS

SkySparc OmniFi

ABOUT THE CENTRAL BANK

The client is the risk management department of a Euro-Zone central bank that uses Wallstreet Suite (WSS) 7.4 across all its main functions, i.e. front, middle and back office and accounting.

It makes extensive use of the system's TRM and ACM modules, and connects to various elements of the financial market infrastructure, including SWIFT and market data sources. Overall, the client is a diverse user with a wide range of reporting needs.

CHALLENGE

The risk management team produced a number of regular reports via largely manual processes for collection, compilation and distribution, which were both error-prone and time-consuming. In seeking to automate the production and distribution of these regular reports, the client's priorities included: leveraging the system's existing reporting capabilities; reducing operational risk; and providing easy access to reports, notably for senior managers.

The client wanted to automate three types of report: summary reports for senior managers (one or two pages, including data visualisation elements and commentary); operational reports (covering risk management issues such

as changes in limits and exposures, plus more advanced analysis); and operational controls reports (essentially 'sanity checks' that provide data on system operations, including statistics such as transaction volumes).

SOLUTION

On being approached by the client, SkySparc proposed a phased project for automating five reports (daily and weekly management reports; a daily operational control report; and two value at risk (VaR) reports) via OmniFi. The project would start with report development, followed by training and implementation, resulting in the generation of reports (both scheduled and on demand) on OmniFi, with

augmentation, verification, and distribution to all recipients via its web portal. OmniFi would source data via the system's APIs, report engine and its database. Senior executives would access the reports via OmniFi's web portal or by email.

Historically, the daily operational controls 'checklist' report was prepared by manual interrogation of activity logs to ensure smooth running of the system overnight and the previous day, for example checking for evidence of price input errors or limit breaches. It typically took around 30 minutes to prepare. Only once this checklist report had been conducted and verified could other types of reporting or analysis take place.

QUICK FACTS

- OmniFi's automated, scheduled reports **reduced operational risk** while enhancing report quality and timeliness.
- The central bank's new flexible reporting solution allowed for **value-added commentary** and **encrypted distribution**.
- SkySparc training sessions helped risk analysts to **build their own reports**.

Under the new process, risk department analysts need only review automatically generated reports within OmniFi rather than prepare them manually. Analysts may only access reports for which they are permitted, via OmniFi's reports tab. Scheduled in advance, OmniFi compiles reports from activity logs in multiple modules, plus other external sources, to flag any errors or other systems issues, as well as overnight changes in exposures (e.g. downgrades), essentially for position management purposes. Any new transactions are reported with full details, e.g. size, yield, etc., including any impact on key risk metrics. The OmniFi report structure is also flexible enough to highlight issues in areas that the bank wants to monitor particularly closely, such as FRNs with negative coupons.

While the weekly senior management report also includes some automatically generated elements, its OmniFi template allows greater scope for risk analysts to intervene in order to draw executives' attention to particular 'headline' issues or concerns, which may differ from week to week. Reports that are scheduled, but need different approval levels prior to distribution, are clearly marked on OmniFi's web-based interface, via an approvals tab. This particular report is configured to contain two components: an email message containing key metrics, e.g. weekly and annual returns, total

invested amount and VaR per portfolio; and an attachment containing fuller details behind these key performance indicators, all drawn from multiple modules. The report also contains commentary from analysts who are more able to concentrate on contextualising and explaining the trends behind the raw data, now that they spent less time compiling it.

RESULTS

The critical first stage of this report automation project involved SkySparc's consultants understanding and refining the client's requirements on an iterative basis, with feedback continuing throughout the report-building process. The process went smoothly in part because the client was the risk management rather than the IT department and so staff were very clear about their needs, and partly because they had a 'hands-on' attitude to providing feedback, engaging in constant dialogue throughout this phase.

Equally important was the second training stage, in which the risk analysts develop the skills to build their own reports on a self-piloting basis into the future. Partly because of their deep involvement in the report-building phase, the bank's risk analysts quickly achieved a very good knowledge of OmniFi. In addition, the central bank also has plans to extend use of OmniFi's reporting capabilities to other areas of the bank, including accounting.

"We are now able to generate better quality reports, with less operational risk and with reduced calls on internal resources," a senior risk manager at the bank said. This has also added to the productivity of the risk management department as risk analysts have switched attention from report creation and data collection to analysis, interpretation and recommendation.

SkySparc has also leveraged the experience gained on the project to the benefit of all OmniFi users, for example by enhancing certain workflow capabilities and improving web preview functionality. And due to the central bank's wish to send reports to certain external counterparts, SkySparc developed the ability to generate and send password-encrypted files, which is now a standard part of OmniFi functionality available to all users.

"We are now able to generate better quality reports, with less operational risk and with reduced calls on internal resources."

Senior Risk Manager

ABOUT SKYSPARC

SkySparc, an independent solutions provider trusted by banks, central banks, Fortune 100 corporate treasuries and asset managers, offers complementary software, outsourced support and a wide range of financial and technical consulting services. Outsourced support enables our customers to focus on their core business and benefit from attentive service from our financial and technical experts. SkySparc OmniFi delivers sustainable business value to customer through advanced management reporting, process automation, system integration and fully automated testing. SkySparc is a four-time winner of *Dagens Industri's* Gazelle award for fast-growing companies, and has also won both *Central Banking's* Consultancy and Advisory Award and *Treasury Today's* Adam Smith Award for Best Risk Management Solution.



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