Published on *Asymptotix* (http://www.asymptotix.eu)

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Saturday, 1 November 2008 | asymptot

Asymptotix believes that the solution architecture for the Risk Management requirement of today requires "point solutions" which are "best of breed" integrated around a Risk mart or warehouse, think of the star schema paradigm.

The point of risk management is that it is essentially idiosyncratic but you have to understand it to see that. Idiosyncrasy is not just an inevitable by-product of differentiation; it is the essential driver of business value in the financial services brand. It is that very idiosyncrasy (deviation from the norm, uniqueness) which the supervisor and regulator are trying to capture when monitoring the financial institution. They (the supervisor & regulator) are trying to regulate your uniqueness away and you are trying to innovate yourself beyond them; there is a time lag of indeterminate length during which you can cash-in super normal profits until the regulator (and the rest of the market) catches up with your latest innovation. That is the clean cool cycle of innovation in a free market, it doesn?t have to be ?perfect? like the models assume, it just has to be unencumbered to use Smith?s phrase by moral delinquents and conscious predatory behavior. Not only do we have to proscribe such behavior, we also have to configure financial markets so that such hounds

don?t get the opportunity again.

The irony is that the now slimmed down banks will have to do relatively much heavier transparency analysis and reporting i.e. when all budgets are falling with the size of the bank the only rising demand for spend is in computing power to meet the transparency requirements of the new age. There is only one way to supervise properly and that is to outsource the number crunching back to the banks themselves. Great strides have been made in these difficult recent times but it (the elephant in the room, ?transparency?) is not going away and is only going to intensify as market discipline operationalizes whatever the supervisory standard is.

The set theory of the Taxonomy of Banking Transparency is first of all widening to include what are essentially statistical estimates and some arithmetic interpolations of statistical estimates. For example, with a good Predictive Analytic toolset a bank can statistically estimate its RWA far faster than the arithmetic approximation of the Basel II Pillar One capital rule; that statistical estimate is also available on demand, likely to be more accurate & is certainly more useful for further analytics.

Of course the banking transparency taxonomy includes accounting numbers but the problem is well known in relation to banking, the standards are not agreed, they are very fluid and very political. All one can say is that the clear direction of travel is towards incorporation of data analytics, calculated values and yes, predictive estimates, far more closely aligned with an econometric background than an accounting one. Confusing BI and Predictive Analytics, i.e. Rear View Mirror Arithmetic with Extrapolative Prediction is a common error made by those with little or no quantitative background, all too common these days.

Asymptotix believes that the solution architecture for the Risk Management requirement of today requires "point solutions" which are "best of breed" integrated around a Risk mart or warehouse, think of the star schema paradigm. You need these best of breed cyborg solution engines because the software engineering in the tools is "best of breed" but also because the functional expertise of the companies which produce these packages is hundreds of man years old; they understand their

specific niche of the challenge better than you ever will or in fact would want or need to, that is why you deploy them, that is what they are there for.

Asymptotix' support for the language R is prima facie. We have a particular pleasure in a good relationship with REvolution Analytics, with whom we have been beside since the start and who have driven the R standard with great success over the last couple of years. We have a strong partnership with TIBCO Spotfire and we understand S+.

You can't hire Professors of Economics and Accounting, even if you would want to! You have to automate the Data Governance process for Risk Management itself, there is no other way. Again, asymptotix believes that the answer to this governance challenge or logically prior, the answer to the understanding problem is not in human beings it is in advanced software. This is where asymptotix' partnership with Collibra fits into the Solution Architecture. Collibra is an enterprise software company facilitating business integration by defining business concepts in the business context. These business definitions drive and align underlying ICT systems to improve business / IT alignment and reduce complexity and costs.

Why has enterprise IT lost control of this kind of footprint which is now essentially enterprise? Well, there is a skills and understanding gap, any of the LinkedIn Group discussions/questions will tell you that & that knowledge gap is in IT, we need to accept that but the mega-vendor "partners" of enterprise IT in the financial institution today have failed to deliver a path to enable the IT function to support the oncoming computational challenges of transparency in financial services.

The time-lines or life-cycles of transparency compliance in this more heavily supervised environment today are without question inordinate; e.g. liquidity analytics weekly, risk capital reports weekly. These are key numbers which management need to be able to parse before transmission

to the supervisors, enterprise-IT is just not responding to the business' requirements.

We invite you to review our collateral on this website and to contact us immediately if you think we can assist you, we will be delighted to engage with you in an initial discovery discussion.

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