



KPMG – Risk As A Service

An Integrated Architecture for Managed Risk & Regulatory Services

A challenging regulatory landscape

Over the past few years, financial institutions have had to operate under an increasing burden of regulations, compliance and disclosure. This is in turn driving up costs as financial institutions put in place new processes and infrastructure to comply with regulations such as IFRS 9, SA-CCR, MAS 610 and FRTB. The average budget for IFRS 9 alone costs millions of dollars a year for a large regional bank.

At the same time, the amount of data that needs to be processed has multiplied, making the task of compliance a complex one. For instance, the number of data points under MAS 610 has grown a hundred times, from 4,000 to 400,000, while data security is becoming a top priority.

The new wave of regulations has increased the complexity of “Business as Usual (BAU)” risks and regulatory compliance activities manifold. It requires banks to build advanced modelling and risk capabilities.

Focused risk management

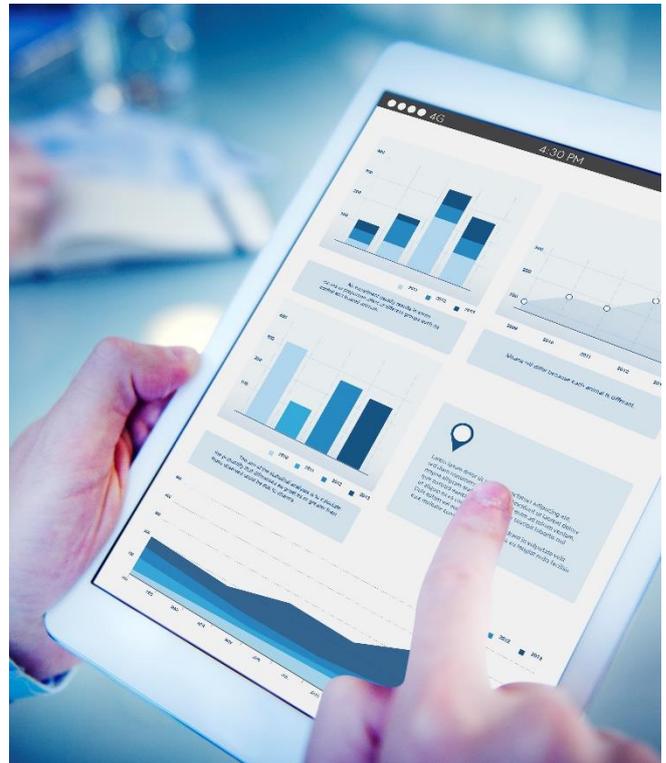
Regulatory compliance monitoring and reporting has become embedded in the daily operations of financial institutions, soaking up a significant amount of resources within the organisation. However, finding such talent is increasingly difficult in a competitive labour market.

While monitoring and reporting are key priorities, outsourcing compliance monitoring and reporting can significantly free up resources to focus on managing critical risks in the business.

An integrated approach

Technology is key to helping financial institutions ease the burden of compliance monitoring and reporting. Automating such processes has the

potential to generate operational efficiencies and lower costs at the same time. More crucially, however, the technological solution needs to be able to handle the multiple and evolving regulatory requirements that financial institutions face today.



One big challenge is that many risk systems remain segregated in their risk calculations, taking in multiple streams of data, calculating, reporting risks separately. This leads to the organisation having to reconcile the various segments at a later stage, a cumbersome and potentially error-prone process. Traceability and strategic decision making becomes complex in such systems.

KPMG’s Managed Services model aims to untangle the mess.

KPMG's Managed Service model

These challenging times call for innovative solutions.

To this end, KPMG has launched a market-first, cloud-based managed service for IFRS 9, trading book risk, stress testing and regulatory reporting in Asia. This turnkey solution addresses the challenges facing financial institutions, offering a

cost-efficient, end-to-end service that will deliver KPMG's customised insights on a system that is built utilising industrial strength risk software solutions from SAS, Lombard Risk, Vector Risk, Percipient and others. KPMG has also worked with our Global Alliance Partner Microsoft to host the managed service on Microsoft Azure, an enterprise-grade cloud computing platform.

Key Features

Cloud reporting solution



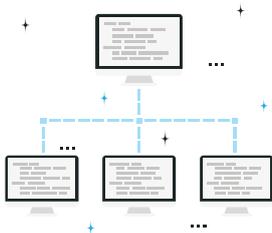
- One-stop shop for the BAU activities including regulatory reporting, trading book risks, IFRS 9 reporting and stress testing, amongst others
- Built on cutting edge risk technology software
- Skilled staff at hand to provide ad-hoc support, what-if, and scenario analyses
- Ongoing support throughout regulatory life-cycle

Standard and customised data solutions



- Automated data collection process or standardised data templates with KPMG customisations
- Standardised risk models which can be fine-tuned to the bank's requirements
- Built on KPMG's dedicated cloud environment on Microsoft Azure platform
- Highest data security standards

Low cost cloud infrastructure



- Agile and secure cloud servers
- No to low maintenance costs

Access to KPMG's trained staff, experts



- Diversified pool of risk analysts, quantitative analysts, analytics professionals and functional analysts
- Provision of KPMG intellectual property regarding better practice approaches, methodologies and regulatory requirements among others

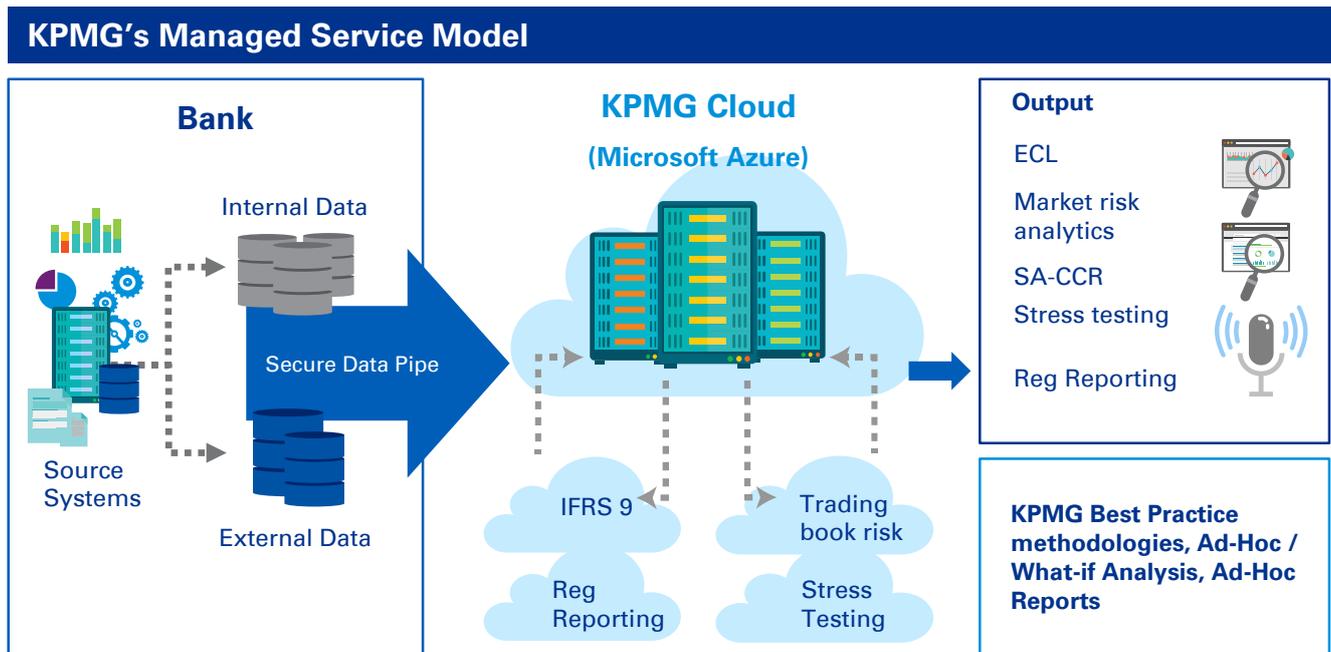
How does it work?

The KPMG Managed Service is available for a monthly subscription fee. No significant IT infrastructure is required.

Data is uploaded and passed through a security layer. The data then moves to KPMG's secured cloud services before being put through KPMG's Risk Solutions on cloud. The output can be customised for the needs of compliance reporting such as IFRS 9, Stress Testing and SA-CCR. Clients can request for

the system to run monthly reports for their compliance monitoring, reporting and testing.

The industrial strength software for BAU risk reporting and analytics is aimed at giving clients the reliability and robustness that is expected of such integrated systems at a lower cost of ownership. We also provide ongoing technical support, ad-hoc and scenario analysis as well as What-If and sensitivity analysis. Technical support is provided throughout the lifecycle.



Why KPMG?

Access to best-in-class talent

We provide clients access to first-in-class talent in risk, quantitative modeling and financial reporting, thereby solving a major headache for companies struggling to find the right people for compliance reporting and monitoring.

Currently there are limitations with data, including availability and unstructured data sets. Our solution provides data connectivity and risk data aggregation, functions that are crucial for banks.

Access to best practices, robust models

Access to industry best practices and subject matter experts are provided at no extra cost. The service also allows clients to access standardised model templates and incorporate models that are custom-made.

Cost effective

With our infrastructure-agile but secure cloud-based option, the model aims to be cost-efficient. KPMG's Managed Services model up to 60 percent cheaper than owning and operating IFRS 9 infrastructure in-house.

Strict cloud and data security standards

Data security is a top priority for organisations today. Protecting the data that we help manage and store is paramount in the Managed Service model.

KPMG's Managed Service model is a Risk as a Service (RaaS) production hosting on Microsoft Azure. The secure system is equipped with a full range of controls including boundary protection, perimeter, and operations management. The model provides for identification services, and access can be limited to a select few in the organisation. Multi-factor authentication can be enabled.

The system backs up daily, in line with KPMG's global standards. Similarly, we provide maintenance and support to ensure tasks such as anti-virus, security patching and other compliance issues are addressed.

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