

IMB Bank prepares for BASEL III Finalisation by partnering with RegCentric



Overview

IMB Bank engaged RegCentric to complete a holistic impact assessment on their lending portfolio, processes, and systems due to the major revisions to BASEL III framework in (BASEL IV) introduced by APRA. By taking a strategic approach to APRA's Credit Risk Quantitative Impact Study (QIS), IMB is well placed to prepare on time for the upcoming regulatory change both from the business as well as an operational point of view.

Scope

The scope of the work included the following:

- ▶ Explaining the BASEL IV proposed changes to key stakeholders at IMB and facilitating workshops to determine impacts across capital, lending policy, product strategy, business process, systems and data.
- ▶ Quantitative analysis of capital impact by running the revised risk weighted assets (RWA) calculations as per new BASEL rules and comparing with the BASEL III current standard.
- ▶ Assist IMB with responding to APRA as part of the QIS as well as BASEL IV consultation phase.

RegCentric's approach included deploying a real-time RWA calculation engine to perform contract level RWA calculations resulting in,

- ▶ delivering accurate capital impact results,
- ▶ supporting IMB's QIS data requirements to APRA,
- ▶ fast tracking impact analysis due to pre-defined BASEL IV supervisory rules in the engine,
- ▶ enabling IMB to assess full implementation of such a system.

The RegCentric team consisted of business and technology experts who understood the proposed regulatory changes in detail and deployed toolkits such as decision trees to explain proposed BASEL IV changes, as well as conducting a review of the data model to identify additional data requirements to accelerate the impact analysis at IMB.

Within two months, IMB had clarity of the specific impacts and RegCentric's recommendation on how to address them. In addition, IMB can quickly transition to a full implementation of BASEL IV reusing the work done to date.

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We are very impressed with RegCentric's approach to tackling such a major regulatory change. Within a couple of months, we have managed to obtain a full understanding of the impacts due to BASEL IV and are now looking ahead at implementing strategic business and operational changes required to successfully adopt the new standard.

- Chris Goodwin, IMB Bank

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“We are pleased to assist IMB take a strategic approach to BASEL IV. While operationally there are some challenges, there are also plenty of business opportunities for banks with the new BASEL framework. With this early exercise, IMB is well placed to tap into these opportunities while ensuring a smooth transition to the new regulatory framework.”

- Thomas Verlaet, RegCentric