



HELPING BANKS AUTOMATE COLLATERAL MANAGEMENT AND COUNTERPARTY EXPOSURE

In a volatile market, sound collateral management practices are critical. However, it's not unusual for banks to rely on manual systems that require human intervention and don't provide up-to-date information. This is a particular challenge in two areas: collateral monitoring and counterparty exposure.

Collateral Management

Many banking institutions provide consumer and commercial loans services to their clients, creating a large portfolio of loans that is secured by exchange and non-exchange traded collateral. Often, information about the collateral associated with both types of loans is spread across multiple processing systems with no way to consolidate or share it.

SunGard's StreamCore solution, a vendor-neutral data management framework, normalizes and consolidates data from multiple sources to create a single feed of data, bringing all collateral information together in one place. This makes it easier to view, analyze and understand the full portfolio of loans.

Because StreamCore is already integrated with SunGard's Stream Credit Monitor solution, customers can seamlessly access additional functionality, including an automated tool for tracking and monitoring collateral value versus the outstanding loan balance. In addition, Stream Credit Monitor's collateral monitoring module offers real-time monitoring and alerts when collateral value falls below defined thresholds.

KEY BENEFITS:

- Helps improve operational processing and risk management by automating manual processes
- Helps increase transparency, audit and control around identifying and managing assets and loans that breach firms' credit policy
- Delivers alerts to identify troubled accounts

Counterparty Exposure

The area of counterparty exposure is similarly affected by manual processes, as well as the need for communication between operations, where exposure is calculated, and the trading department, where transactions need to be initiated. Yet when firms don't have all the information they need in one place, exposure from price movements may not be recognized immediately.

Stream Credit Monitor's counterparty exposure module automates the process of credit risk monitoring for repo and other financing products. Automatic alerts notify firms of counterparty margin and exposure or excess at the start of the day, allowing staff to quickly address exposure from an operational perspective and notify senior management of any issues right away.

In addition, a core rule set enables banks to establish haircut schedules for credit risk and exposure. Users can define the rates by type of transaction (repo vs. reverse), type of account, type of collateral, time to maturity and specific contract overrides. Other rules include exposure minimums for generating alerts, due date tracking and definition of products included for credit risk and exposure.

The solution is multi-currency enabled, and transactions can be converted to U.S. dollar equivalents. All exposure can then be monitored as a single base currency value.

In addition to the overall monitoring, the counterparty exposure module features online inquiry of the calculation results, so users can view details of how the counterparty or firm determined the margin or exposure. Credit limits by currency are captured and displayed with the summary results.

The module displays open fails and produces alerts for tracking concentration limits by counterparty or firm, reverse excess, and repo charge by counterparty. It also provides a full suite of reports based on the nightly results and again at close of business.

KEY BENEFITS:

- Provides automated monitoring of counterparty exposure
- Aggregates counterparty activity across multiple source systems
- Provides workflow to track the activities performed to address the exposure and excess
- Offers an online inquiry tool for examining current and historical calculation results
- Delivers alerts to notify firms of counterparty exposure
- Features a flexible rules engine to categorize haircuts
- Includes a suite of summary and detail reports

Learn how increased transparency and control can help improve how you manage collateral monitoring and counterparty exposure, as well as your ability to respond to market and regulatory changes.

NEED MORE INFORMATION?

Contact your sales representative at +1-800-825-2518 or visit us at www.sungard.com/streamcreditmonitor.