



HE MAY OCCASIONALLY GET LOST IN HIS WORK, BUT JARI LIEVONEN DOESN'T HAVE ANY TROUBLE COMMUNICATING – HE WORKS AT THE HEART OF A MULTICULTURAL DEALING ROOM IN A BANK OWNED BY EIGHT DIFFERENT NATION STATES, AND HAS LONG TAKEN AN INTEREST IN RADICAL METHODS OF TEACHING LANGUAGES. AT WORK, FASTVAL HELPS HIM UNDERSTAND THE LEXICON OF RISK



**J**ari Lievonen likes to immerse himself in his work – so much so that, by his own admission, he wouldn't notice if the roof caved in. Fortunately, as the head of market risk at the Nordic Investment Bank (NIB) in Finland, he does not work alone, and one of his 15 colleagues in the bank's dealing room would be able to warn him of impending disaster.

"It is very important that I am working in the dealing room," says Jari – and not just because of the personal safety benefits. "You can tell if something is happening in the market by the atmosphere and the noise of the room."

#### A UNIQUE BANK

NIB is a unique financial institution. The description "state-owned" hardly does it justice – it has eight different countries as its owners: the five Nordic countries (Sweden, Finland, Denmark, Iceland and Norway) and, as of 2005, the three Baltic countries (Estonia, Latvia

and Lithuania). Ownership is based on the relative size of the gross national income of the member countries. The bank works closely with other multilateral financial institutions, such as the World Bank and the European Investment Bank. All projects financed by NIB are governed by a number of key principles. "Whatever loan or financial transaction we undertake, it must be of mutual interest for the borrowing country and the bank's member countries," says Jari.

The bank gets involved in many projects aimed at environmental improvements. "Environmental protection has been very important to the bank, especially in the Baltic Sea and Barents regions. For example, NIB has co-financed the building of a wastewater treatment plant in St Petersburg in Russia, which will cut the city's wastewater discharges to the Baltic Sea by three-quarters," says Jari.

#### HOME LIFE

**FAMILY:** Married with two children – a son aged eight and a daughter aged 13.

**EDUCATION:** "I studied at the University of Helsinki and was awarded a master's in national economics and political history. I also have an MBA from the Helsinki Business School."

**PASTIMES:** "Outside of work, I allocate a lot of time to ice hockey: I now coach my son and his team. I also like to build scale models in my spare time."

**VACATIONS:** "We travel every year for one or two weeks in the winter. We try to go to a different place each time, which is getting harder. I found Florida a very interesting and different place."

**ALTERNATIVE CAREER:** "I am very interested in 'language immersion', which is a teaching concept from Canada. It is based on the idea that, if you start teaching a second language early, your children will quickly adopt the new language and then can go on learning three or four languages. Finland has done a lot of work in this area. Or, perhaps, I would choose something involving political history."



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#### COMMERCIAL ENTERPRISE

"Thanks to the ratings of the owners, the bank enjoys a high credit rating," explains Jari. "All loans that NIB provides are granted on commercial market terms." It is in ensuring that the bank makes its fair profit that he and his team get involved: Jari's daily tasks include monitoring the fluctuations on the market and producing Value at Risk reports on the bank's investments.

"The first thing I do when I arrive in the morning is check the overnight reports from the international markets," says Jari. "Then I check over any reports that have been highlighted for potential errors or miscalculations." He also looks at the bank's investment portfolios and liquidity, and has to approve or disapprove funding transactions based on his valuations.

The bank has been using SunGard's Reech FastVal system for its daily valuations and collateral management. "It is very good to have an independent opinion on valuations, for the benefit of both our counterparties and our auditors," says Jari. Additionally, SunGard provides trading data for pricing purposes, as NIB does not really consider itself a major player in the trading environment.

Integration of the credit and market risk functions has become a trend in the financial risk management space and NIB is actively working in this direction. "Both units are included in one department and share one IT system," says Jari. He expects more changes in the daily operations of risk management: "The content of our work will change, which will provide a stronger incentive for us to keep on learning new things every day."

#### CULTURAL ISSUES

"There will also be some cultural and methodological issues to deal with," believes Jari. "The main difference is in the scope: in market

#### WORK LIFE

**HOURS:** "I start between 8:00 and 9:00 a.m. and finish between 5:00 and 6:00 p.m."

**WEEKEND WORK:** "Because the market does not work at the weekends, I generally do not have to either."

**LOCATION:** "We are in the financial district in Helsinki."

**DESK HYGIENE:** "My desk is generally messy. There are lots of books open – but I know where everything is. A clean-up would destroy the harmony of my workplace."

**OFFICE:** "We work in a dealing room. I like it, because it encourages openness and you can walk over to anyone you need to speak to."

**PERSONAL ORGANIZATION:** "I don't have a secretary or a Palm Pilot – just a mobile phone."

risk, you are looking at daily positions, whereas in credit risk you could be looking at the risk profile over a 12-month period or even longer."

But cultural peculiarities are nothing new to Jari and his colleagues at the bank: all eight member countries' nationalities are represented among the 150-strong staff in Helsinki. "There is a very informal atmosphere at the bank. We are very open and co-operate a lot," says Jari. "There is also a personnel club, where expatriates have a chance to mingle."

"Fundamentally, the basic values of the Nordic and Baltic nations are the same," believes Jari. But that is not to say there isn't a friendly rivalry between the neighboring nations – and particularly when it comes to the football World Cup.

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