

Midas Plus Management Limits

An effective risk management and monitoring solution

All financial institutions face mounting complexity, fierce competition and an increasingly volatile business environment. These factors, combined with significant corporate failures in recent years and the advent of regulations such as Basel II, are driving stronger risk management practices in banking.

Risk management in the banking industry has continued to grow in importance, as highlighted in a recent survey by Deloitte & Touche: three-quarters of financial institutions now treat risk management as a board-level oversight responsibility and more than four out of five have a Chief Risk Officer (Global Risk Management Survey 2007).

Furthermore, many financial institutions now view risk management as a key vehicle for competitive advantage. Efficient risk management can create value for the institution by allowing banks to make more informed decisions within regulatory guidelines.

Managing uncertainty

Risk management today is more demanding than ever. Risk now plays a vital role across the whole business and is at the heart of all the strategic and tactical objectives of the bank. However, banks face a number of challenges in meeting their risk goals:

- + Data management issues continue to be the biggest challenge banks face, with information spread across multiple business units and systems
- + Risk needs to be measured across an increasingly complex business environment, with more markets, products, currencies and countries than ever before
- + The orchestration of the vast array of internal controls, rules, limits and events to support compliance in a continually evolving regulatory landscape
- + Manual processes are time consuming and costly resulting in operational inefficiencies
- + Innovations in markets are requiring the delivery of real-time information to enable faster decision-making

Midas Plus Management Limits

Risk management solutions today must deliver more information, more quickly in a multi-faceted world of complex interactions. Misys has developed Midas Plus Management Limits to help banks achieve these goals.

Key benefits of Midas Plus Management Limits

- + Consolidates data and risk management from all parts of Midas Plus (and other systems) so you can have an integrated, enterprise-wide view of credit risk
- + Enables you to extract the best value out of your economic capital through a better understanding of your credit risk
- + Provides enhanced business control by enabling proactive and automatic monitoring across your business
- + Eliminates resource-intensive manual processes thereby mitigating operational risks and reducing costs
- + Delivers real-time, accurate information so you can respond dynamically to changes in the market and compete effectively
- + Key business decisions can be made when exceptions are known immediately, reducing business risk

Management Limits is an integrated risk management and monitoring solution that enables banks to evaluate limits and exposures across multiple locations to support a global, consolidated view of risk.

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75% of financial institutions now treat risk management as a board-level oversight responsibility and more than four out of five have a Chief Risk Officer

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- Deloitte & Touche,
Global Risk Management
Survey 2007

All business lines consolidated

Management Limits uses consolidated data from all business areas across the bank, including all Midas Plus business lines, such as FX and MM Dealing, Customer Lending, Trading, credit exposure data from other applications and Processing Zones within a Global Processing environment. It therefore offers banks a complete view of all limits and exposures across the business from one central point.

Maximum flexibility and real-time exposure calculation

Limits can be set in a highly flexible way through the definition of bank-defined hierarchies, allowing banks to view and monitor exposure according to their own unique requirements. Risk is aggregated by rolling up exposure through the hierarchy.

The system allows groupings by customer, country, product type and industry and, for added flexibility, individual views to be created on an ad hoc basis by the user through filters and user-defined selection criteria. Credit risk can be measured and managed at all levels of the bank's business, such as branch, subsidiary or group-wide, and exposures are calculated and monitored in real-time. Any exposure can be instantly viewed, with drill-down to specific transactions. A range of credit calculation methods and weightings are supported to help banks improve limit utilisation.

Pre-deal checking and excess management

Management Limits offers automatic pre-deal limit checking: as transactions are captured, exposures are calculated in real time and warnings are issued where limits will potentially be breached.

If limits are breached, proactive email alerts can be used to inform the relevant

Management Limit Id	Limit Type	Utiliser Type	Utiliser Code	Entity Type	Entity Code	Instrument Group	Tenor	Limit Currency	Base Amount	Limit Amount
7	C Credit Limit	2 Customer Group	7	1 Branch	DCM	3 Foreign Exchange	1	USD US Dollars	10,000,000.00	10,000,000.00
8	C Credit Limit	2 Customer Group	7	2 Branch Group	1	3 Foreign Exchange		USD US Dollars	20,000,000.00	20,000,000.00
9	C Credit Limit	2 Customer Group	7	2 Branch Group	1	1 All Instruments		USD US Dollars	25,000,000.00	25,000,000.00
10	C Credit Limit	2 Customer Group	7	2 Branch Group	1	18 Lending		EUR Euro	25,000,000.00	25,000,000.00

account officers. Information on limits set, their utilisation and availability is also provided through on-line enquiries and reporting.

All of these features combine to support efficient global limits and dramatically improve limit utilisation.

Choosing Midas Plus Management Limits

The integration of Management Limits into Midas Plus offers significant advantages to banks. In particular, having a unified front end and integrated database simplifies IT management and improves access to information for users. The cost of deploying, integrating and maintaining multiple systems is substantially reduced and the technical requirements are minimal (no synchronization issues or reconciliation requirements).

Furthermore, banks can take advantage of existing Midas Plus workflows and technology such as its 'thin client' web-based browser for quick deployment and the ability to apply second user ('4 eyes') authorisation to all data input actions in Midas Plus.

The management of credit risk is the biggest cause of potential problems and one of the most challenging risks to deal with. Midas Plus Management Limits can help you not only address these issues but also enable the constructive management of risk to help drive your business forward and optimise reward.

To find out how Midas Plus Management Limits can help you, please contact your Misys account representative or visit:
www.misys.com/banking

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