

Collateral and limit management: Exposure monitoring for US commercial bank

100% adherence to credit policies

40-50% reduction in collateral management costs

18-20% more client-facing time

Early-warning mechanism established to identify exposure collateral

CLIENT CHALLENGES

- Risk events due to misses in generating early-warning signals
- Inconsistent methodologies followed by the workforce, leading to inaccurate collateral tracking
- Manual process leading to inefficiency and ineffectiveness
- Talent-management and knowledge-retention issues, with 50% attrition in a single month

OUR APPROACH

- Conducted a detailed white-boarding session to identify business requirements needed to provide client with an advanced collateral, limit and margin management process
- Analysed and documented current collateral and margin processes across business streams and products
- Coordinated a number of collateral and margin projects with change teams from various functions, e.g., Treasury, [Risk Management](#) and Client Management
- Set up a pyramid-based offshore team considering the complexity of work

IMPACT DELIVERED

- Prepared detailed standard operating procedures to ensure [compliance](#) with credit policies and client processes
- Followed a standardised approach in terms of collateral tracking with room for borrower-specific adjustments
- Established an end-to-end collateral management programme covering perfect lien, collateral analysis, [covenant validation](#) and limit availability analysis
- Provided support to the Global Collateral and Limit Management Teams, with management reporting and customised dashboards for exposure management to mitigate risks and issues

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