

## **SAS and KPMG launch first cloud-based IFRS9 and stress testing RegTech solutions in Asia**

*Regardless of size, financial institutions can now enjoy the cost effectiveness of cloud-based expected credit loss calculation (IFRS9) compliance and stress testing solutions*

SINGAPORE (August 29, 2017) – [SAS](#) and [KPMG in Singapore](#) today released two new Managed Analytics Service Providers (MASP) solutions - the first cloud-based, cost-effective and secure solutions in market to help financial institutions in Asia meet the International Accounting Standards Board's (IASB) new IFRS9 reporting standards which take effect from 2018, as well as with enterprise stress testing.

Built on Microsoft Azure, KPMG expects the cloud-based IFRS9 and Enterprise Stress Testing risk analytics solutions to benefit banks with significant cost savings and business agility as compared to an on-premise software solution. The MASP model will allow financial institutions to access KPMG's expertise in financial risk management and IFRS9 compliance, as well as SAS' expertise in risk technology and model implementation, without the need for extensive investment in staff training or consulting services.

KPMG brings to the table its deep knowledge into regulatory compliance and RegTech for financial institutions, as well as the ability to execute and deliver regulatory knowledge into actual, practical solutions. The *IFRS9 Calculation Engine* and *Enterprise Stress Testing* solutions are the first of many managed services to be offered.

"IFRS9 presents demanding requirements, not only for the calculation of expected credit loss, but data, models, governance and auditability. Many banks in ASEAN seeking a pragmatic solution for IFRS9 have been caught between tactical solutions that do not meet the full requirements, or high-end solutions that are too expensive. This MASP solution offers an affordable, best practice solution that can grow with their businesses," said Andy Zook, Vice President, SAS ASEAN.

Today's launch in Singapore will be followed by another in Indonesia this year. Also to be available across the rest of Asia, these solutions are the result of the SAS MASP program launched in 2015, which allows customers to implement SAS technologies and reap the benefits of analytics in ways that best fit their individual needs.

### **Credit modelling with anonymized industry data**

IFRS9 calls for the close collaboration of risk and finance departments as it requires the provision for impaired assets to be based on the output of expected credit loss models. The IFRS9 MASP solution provides access to anonymized development data across the industry; providing large volumes of historical data to help banks tackle the challenge of data availability in developing their expected credit loss models.

"With the deadline for IFRS9 looming, we are seeing many Asian banks still unprepared. Banking executives are faced with tight timelines and budget pressures. Implementation of IFRS9's forward-looking requirements may be challenging, and we want to help these financial institutions implement it successfully by laying the framework early. Working with an established partner such as SAS allows us to offer them solutions that can be implemented quickly and cost effectively," said Craig Davis, Asia Pacific Head of Financial Risk Management, KPMG in Singapore.

## **First cloud-based solution for IFRS9 and stress testing in Asia**

Industry surveys are still highlighting the shortage of risk and compliance staff in Asia. Having a cloud-based solution frees up finance and risk management professionals in financial institutions to focus on value-added activities such as planning and forecasting.

The KPMG-SAS *IFRS9 Calculation Engine* and *Enterprise Stress Testing* offerings run on Microsoft Azure. This means that banks have access to these solutions without the hassle of maintaining legacy systems and platforms, or compliance with local regulations around the use of cloud services.

“Microsoft engages closely with financial regulators to deeply understand compliance requirements and has been making significant investments in building a cloud with the security, scalability and agility to support mission critical financial services industry needs. This solution with our partners is the first of several in offering an innovative and holistic cloud based utility for regtech needs,” said Rupesh Khendry, director, Worldwide Financial Services Industry at Microsoft.

Key features of the KPMG-SAS *IFRS9 Calculation Engine* and *Enterprise Stress Testing* offerings include:

- Pre-built rules and analytical models for addressing IFRS9 requirements including stage identification, cash flow calculation, PD term structure modelling and Expected Credit Loss calculation.
- Single platform for IFRS9 that can be extended to enterprise stress testing, model risk management and other compliance provides flexibility to integrate related regulatory and accounting applications, and allows banks to maximize their total cost of ownership.
- The lag between model development and model deployment reduced to hours from weeks – this provides a more risk sensitive approach to loss provisioning, leading to better capital management at the bank.
- Users can swap models, quickly run ad-hoc scenarios and create loan level models on large loan portfolios using in-memory processing, providing a more dynamic and proactive business management capabilities.
- Transparent and replicable model execution in a controlled environment to support the increased needs of governance and auditability.

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## About SAS

SAS is the leader in analytics. Through innovative analytics, business intelligence and data management software and services, SAS helps customers at more than 83,000 sites make better decisions faster. Since 1976, SAS has been giving customers around the world THE POWER TO KNOW®.

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