

European Bank for Reconstruction and Development optimises limit systems

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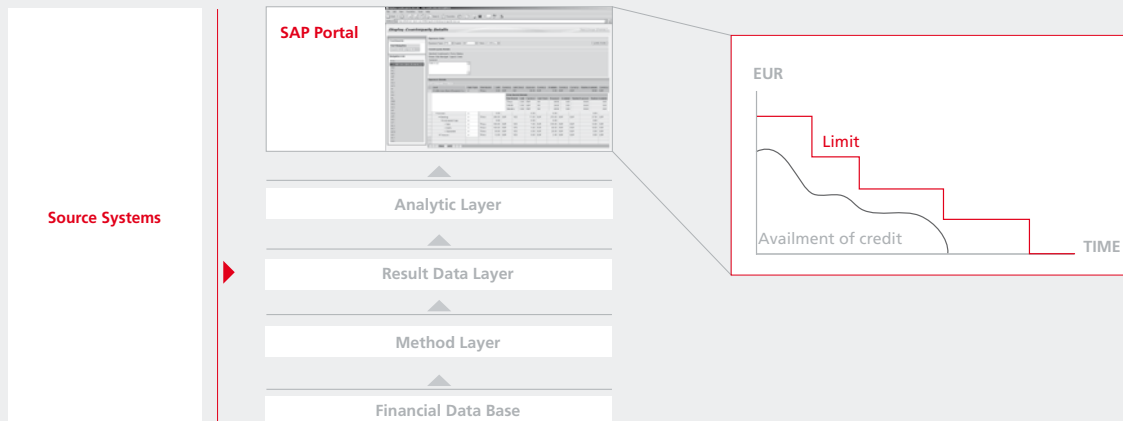
The ifb group has provided specialised and technical assistance to the EBRD for a number of projects, including introduction of the SAP Limit Manager

The European Bank for Reconstruction and Development (EBRD) was established in London in 1991 to support Central and Eastern Europe during the transition to a market economy and to promote entrepreneurial enterprise. Today, the EBRD is the biggest individual investor in the countries of the former eastern block. More than 60 states and organisations are shareholders in the bank, including the European Union and its member states, as well as the USA and Japan. This distinctive structure as a supranational organisation with investments in capital markets that in some cases are only partially established requires a particularly high level of transparency in terms of risk.

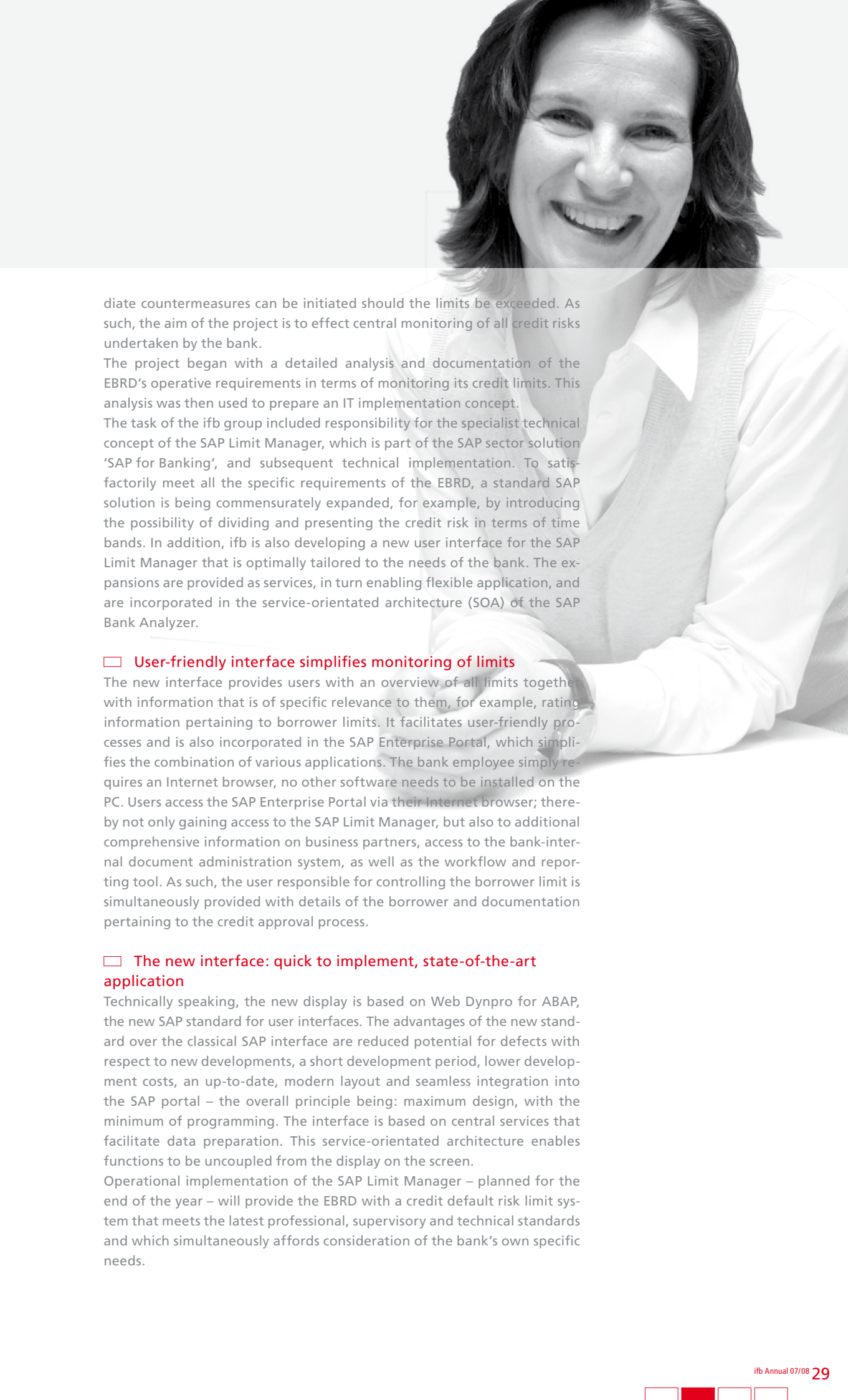
Since 2006, the ifb group has been supporting the EBRD in achieving this task in its capacity both as a specialist and technical partner for the following projects:

- Introduction of a hedge accounting solution using SAP Accounting for Financial Instruments software (AFI), which replaced the previous system developed by the bank.
- Establishment of a joint data pool based on the SAP-BI for applications in the area of risk management and accounting.
- Introduction of an SAP Limit Manager system to monitor credit limits.

As an example, details of implementation and the benefits of the new limit system are provided in the following. Introduction of the system forms part of a comprehensive internal EBRD programme to improve risk management processes, methods and systems. The limit system pertaining to credit and commercial risks is not only a requirement of supervisory law, but is also an important instrument of internal capital and risk management. It monitors a multitude of limits for various risk positions maintained by the bank, such as national country limits, business partner limits or portfolio limits. This ensures that existing risks are transparent, limits are adhered to and immediate counter measures can be implemented should limits be exceeded.



The limit system serves to ensure that all existing risks are transparent and remain within the limit structure, and that immediate counter measures can be implemented should limits be exceeded.



diate countermeasures can be initiated should the limits be exceeded. As such, the aim of the project is to effect central monitoring of all credit risks undertaken by the bank.

The project began with a detailed analysis and documentation of the EBRD's operative requirements in terms of monitoring its credit limits. This analysis was then used to prepare an IT implementation concept.

The task of the ifb group included responsibility for the specialist technical concept of the SAP Limit Manager, which is part of the SAP sector solution 'SAP for Banking', and subsequent technical implementation. To satisfactorily meet all the specific requirements of the EBRD, a standard SAP solution is being commensurately expanded, for example, by introducing the possibility of dividing and presenting the credit risk in terms of time bands. In addition, ifb is also developing a new user interface for the SAP Limit Manager that is optimally tailored to the needs of the bank. The expansions are provided as services, in turn enabling flexible application, and are incorporated in the service-orientated architecture (SOA) of the SAP Bank Analyzer.

User-friendly interface simplifies monitoring of limits

The new interface provides users with an overview of all limits together with information that is of specific relevance to them, for example, rating information pertaining to borrower limits. It facilitates user-friendly processes and is also incorporated in the SAP Enterprise Portal, which simplifies the combination of various applications. The bank employee simply requires an Internet browser, no other software needs to be installed on the PC. Users access the SAP Enterprise Portal via their Internet browser; thereby not only gaining access to the SAP Limit Manager, but also to additional comprehensive information on business partners, access to the bank-internal document administration system, as well as the workflow and reporting tool. As such, the user responsible for controlling the borrower limit is simultaneously provided with details of the borrower and documentation pertaining to the credit approval process.

The new interface: quick to implement, state-of-the-art application

Technically speaking, the new display is based on Web Dynpro for ABAP, the new SAP standard for user interfaces. The advantages of the new standard over the classical SAP interface are reduced potential for defects with respect to new developments, a short development period, lower development costs, an up-to-date, modern layout and seamless integration into the SAP portal – the overall principle being: maximum design, with the minimum of programming. The interface is based on central services that facilitate data preparation. This service-orientated architecture enables functions to be uncoupled from the display on the screen.

Operational implementation of the SAP Limit Manager – planned for the end of the year – will provide the EBRD with a credit default risk limit system that meets the latest professional, supervisory and technical standards and which simultaneously affords consideration of the bank's own specific needs.