

Partnership Delivers Solution For Liquidity Risk

MPI Europe and Fernbach Announce Liquidity Risk Appliance Partnership

MPI Europe, London (date): MPI Europe, the specialist financial services consultancy has announced today a strategic partnership with Fernbach, a global provider of accounting and risk software for the finance industry to address liquidity risk and related stress testing requirements.

The strategic partnership aims to provide financial organisations with an off-the-shelf solution to the Financial Services Authority's (FSA) liquidity risk deadline, which takes effect in June. The FSA requires all banks, building societies and investment firms operating in the UK to analyse and report their liquidity risk. Given the level of detail, frequency and stress testing requirements, as well as implementation deadlines, the new regulation presents a significant challenge to most financial institutions.

The search by MPI for a partner to develop a combined solution started when a survey run by MPI Europe reported that a significant majority of respondents agreed that impact and measurement of liquidity risk was not well implemented across the UK financial sector. This is in spite of the fact that the FSA mandates that 41 UK regulated banks will have to comply by June, with the remaining requiring compliance within the following six months.

As John Cant, Managing Director of MPI Europe states "We saw that firms were looking for a software solution to this issue that was fully functional, covering both reporting and stress testing, and could cope with a wide range of product types. Banks were also keen to take on proven applications rather than buying newly developed modules barely out of testing. Fernbach scores highly on all these points and we were able to add our consulting experience to build this joint approach over recent months."

Mike Hamm of Fernbach comments: "To meet the FSA liquidity risk rules, and at the same time enhance internal liquidity management practices, organisations will have to assess forward liquidity exposures by business line, financial instrument portfolio, geography and currency under different perspectives. They will have to connect a multiplicity of data sources and conduct wide ranging scenario analysis and stress testing. With tight reporting deadlines, there is little time to design and build systems internally that would address these demanding requirements."

MPI Europe

Working with you to deliver business benefit

The partnership between MPI Europe and Fernbach brings together the consultancy, analysis and project management experience of MPI Europe with a technology solution which enables financial firms to meet FSA requirements economically and on time. The combined solution, called Liquidity Risk Appliance, has been pre-configured, pre-tested and is easily deployable. It consists of a fully integrated solution stack comprising the proven FlexFinance Liquidity application, the Oracle 10g data management layer and market leading Intel based server platform. MPI Europe adds additional value by providing a specifically-designed, fast-start implementation framework to link current business processes and data rapidly to the Liquidity Risk Appliance.

John Cant of MPI added: “Several financial institutions have already seen the benefits of this alliance and a significant number of banks are already interested in Fernbach’s off-the-shelf package, realising it is an effective way of reliably delivering liquidity risk scenario analysis and stress testing. Even banks that believe they have addressed the basic FSA reporting functionality are showing an interest in this software, as they understand that their existing systems may not cover the increasing challenge of stress testing their liquidity regime.”

Further information: www.mpi-europe.com www.fernbach.co.uk