



# **Financial Risk Management Platforms Assessment and Vendor Profiles 2020 – Cloud-enabled Modern Data Infrastructure for Intelligent Real-time Risk Management**

Banking & Financial Services (BFS) - IT Services (ITS)

Market Report – March 2020: Complimentary Abstract / Table of Contents

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# Background, scope, and methodology for assessing financial risk management platforms for banking and financial services firms

- The risk function at Banking and Financial Services (BFS) firms is going through a sea of change due to evolving regulatory landscape and the role and approach of the regulatory bodies, use of innovative data sources and sophisticated AI-based risk prediction models, and adoption of high-performance compute to enable dynamic and real-time risk management
- BFS firms are compelled to adopt a comprehensive solution to manage various financial risks, including credit risk, market risk, Asset & Liability Management (ALM) risk, interest rate risk, and liquidity risk
- Financial Risk Management (FRM) platform providers are looking to deliver enterprise-wide data management solutions, new algorithms for risk modeling and rating, and dynamic risk dashboards and reporting to help manage their financial risk management function
- This report is focused on the financial risk management landscape and assesses 10 platforms on their capabilities, depth and breadth of risk management, and market impact

### Scope of this report:



**Industry**  
Banking and Financial services (BFS)



**Market segment**  
Financial Risk Management (FRM) platform vendors



**Geography**  
Global



**Sources**  
Operational capability of 10 financial risk platforms updated through enterprise and service provider discussions and public disclosures

### Service providers covered in the analysis



Source: Everest Group (2020)



# In this report, we deep-dive into the FRM platform market to uncover demand themes and supplier capabilities and trends

## BFS risk landscape

■ Focus area of this assessment



## Financial risk faced by BFS firm



Asset liability management



Credit risk



Market risk



Interest rate risk



Liquidity risk

BFS firms need to proactively balance their financial risks to prevent losses, fines, and even rollovers

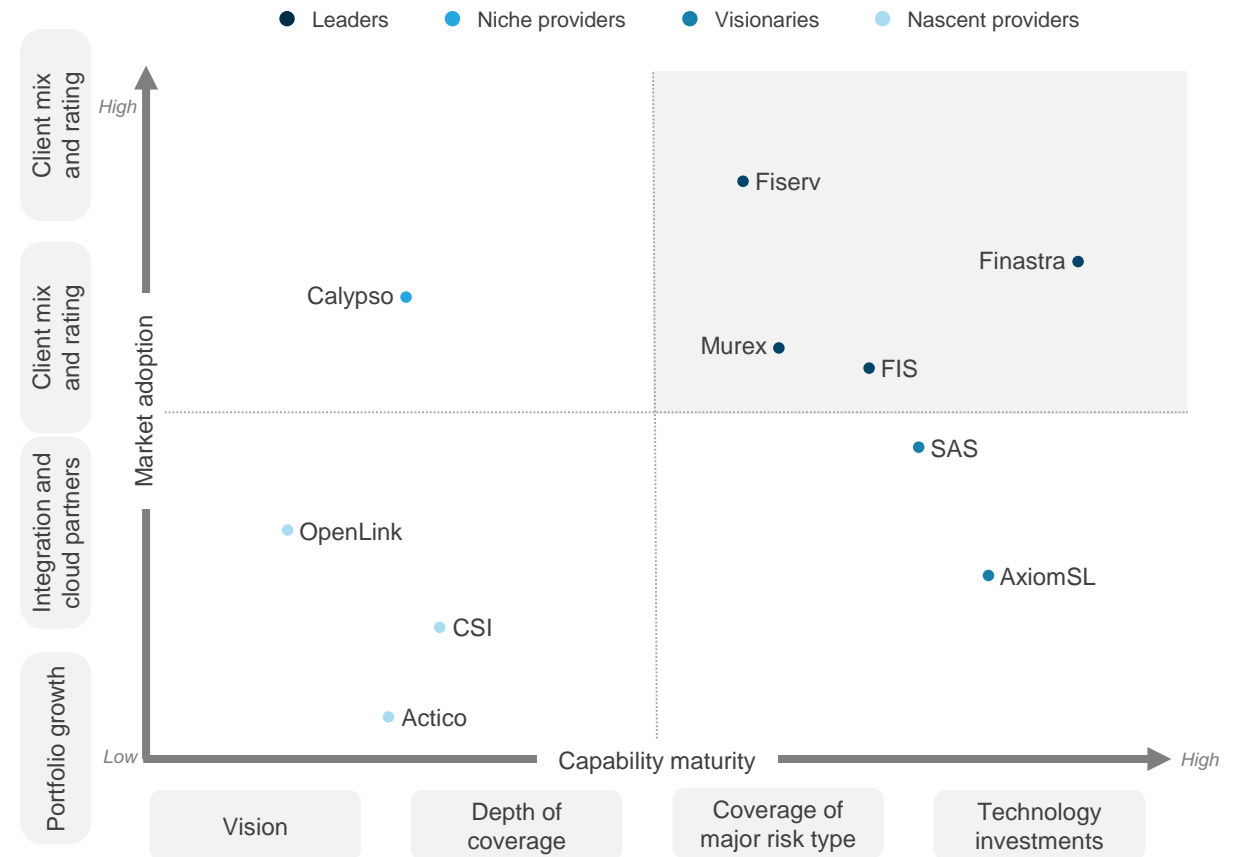
Source: Everest Group (2020)

# Summary of key messages

## Key findings of this research

- Analysis of 10 platform vendors for their FRM capabilities for the BFS industry highlights the following four categories:
  - **Leaders:** Finastra, FIS Global, Fiserv, and Murex
  - **Visionaries:** AxiomSL and SAS
  - **Niche players:** Calypso
  - **Nascent players:** ACTICO, CSI, and Openlink
- Financial risk management function at BFS firms is increasingly becoming complex due to tightening regulations, higher order of fines and oversight by regulatory bodies, increasing cost for risk mitigation, and demand for more real-time transparent risk management function
- BFS firms face challenges with their legacy systems and lack of modern data infrastructure to manage these evolving expectations
- FRM platform vendors are looking to provide an end-to-end open platform for financial risk management covering credit risk, market risk, liquidity risk, asset liability management risk, and interest rate risk to eliminate the need for multiple disparate systems
- The industry is also witnessing the use of new data sources, AI- and big data analytics-driven risk modeling and stress testing, and interactive dashboarding to increase risk rating accuracy and overall efficiency
- Software vendors are partnering with cloud vendors to IaaS-, PaaS-, and SaaS-based platform to provide BFS firms with the agility to quickly comply with regulatory changes and reduce costs of risk management operations

## Everest Group assessment of FRM platform vendors, 2020



Source: Everest Group (2020)

# Everest Group assessed capabilities and adoption of FRM platform vendors to understand their role in helping BFS firms manage their financial risks efficiently

Financial risk management platforms enable BFS firms to tackle compliance, evolving business operations, and customer needs in an integrated manner

Financial risk management platform



Source: Everest Group (2020)



Financial Risk Management (FRM) platform vendors were assessed on their capability maturity and the market adoption



Source: Everest Group (2020)



## Capability maturity dashboard

Assessments made on a scale of 1 to 5; 5 being the highest or best-in-class for the peer set

Vendor
Fiserv
FIS
SAS
Finastra
OpenLink
CSI
Calypso
AxiomSL
Murex
Actico

Source: Everest Group (2020)



## Market adoption dashboard

Assessments made on a scale of 1 to 5; 5 being the highest or best-in-class for the peer set

Vendor
Fiserv
FIS
SAS
Finastra
OpenLink
CSI
Calypso
AxiomSL
Murex
Actico

Source: Everest Group (2020)



## XYZ Visionary

NOT EXHAUSTIVE

Products assessed	RiskMonitor
Risks covered	Credit risk <input checked="" type="checkbox"/> Market risk <input checked="" type="checkbox"/> Liquidity risk <input checked="" type="checkbox"/> Interest rate risk <input type="checkbox"/> ALM risk <input checked="" type="checkbox"/> Model risk <input type="checkbox"/>



- Clients appreciate higher release frequency to address regulatory changes
- Covers all the major global and local regulatory reporting mandates
- Invested in partnerships to enhance global presence



- Need to invest in analytics engines
- Lack of partnerships and investments for using third-party data sources for risk assessment
- Need invest in building thought capital to educate the market on their capabilities in risk management

Capability assessment	Rating
Data management	★★★★☆
Risk modeling	★★★★★
Risk dashboarding and reporting	★★★★★

### Case study: Openbank



**Business challenge**  
Openbank, a digital bank under Santander Group wanted to implement a solution for central bank, capital, liquidity, trade and transaction, and credit reporting on a global level for both European and South American countries



**Solution offered and outcome achieved**  
• Openbank opted for AxiomSL Riskmonitor and now have the ability to accommodate multi-jurisdictional and multi-faceted regulatory requirements for all their reporting activities  
• The platform also helped automate the full process from data capture to reporting submission to meet central bank capital and liquidity compliance requirements, saving time, and resources to focus on core business activities

### Major system integration partners

- Wipro
- Avant Group
- Genpact
- SKS Solution

### Cloud and data technology partners

- AWS

### Key investments, funding, and acquisitions

- AxiomSL entered an agreement with Temenos in 2019 to enlist their cloud native risk solution on the Temenos marketplace
- AxiomSL partners with Refinitiv to enrich global shareholding disclosures data

Source: Public disclosures, Everest Group (2020)



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## Glossary of key terms used in this report

Term	Definition
AI	Artificial Intelligence
ALM	Asset and liability management
API	An Application Programming Interface is a set of routines, protocols, and tools for building software applications, specifying how software components interact
AWS	Amazon Web Services
BFS	Banking and Financial services
CMSI	Credit Management Solutions, Inc.
FRM	Financial Risk Management
IaaS	Infrastructure-as-a-Service
ML	Machine Learning
PaaS	Platform-as-a-Service
SaaS	Software-as-a-Service
SFTR	Securities Financing Transactions Regulation
STP	Straight Through Processing is a mechanism that automates the processing of financial transactions



# Research calendar – BFS IT services

Published
  Planned
  Current release

## Flagship BFS IT services reports

### Release date

Enterprise IT Platform Services in BFS – PEAK Matrix® Assessment 2019	March 2019
Next-generation Infrastructure IT Services in BFS – PEAK Matrix® Assessment 2019	April 2019
BFS IT Service Provider Compendium and Capability Snapshot 2019	November 2019
Application and Digital Services in Banking – Services Peak Matrix® Assessment 2020	November 2019
Application and Digital Services in Capital Markets – Services PEAK Matrix® Assessment 2020	December 2019
Open Banking IT Services PEAK Matrix Assessment 2020	Q2 2020
Risk and Compliance IT Services in BFS – PEAK Matrix Assessment 2020	Q2 2020
Open Banking IT Services Service Provider Compendium 2020	Q2 2020
Risk and Compliance IT Services in BFS Service Provider Compendium 2020	Q2 2020

## Thematic BFS IT services reports

Establishing a Strategic Business Case for IT Automation in BFS	November 2019
Future Proofing Credit Unions from the Digital Onslaught	February 2019
Guidebook for Blockchain Adoption in Banking and Financial Services	March 2019
Assessing the Trade Life Cycle Management Technology Platform Landscape	March 2020

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Note: For a list of all of our published BFS IT Services reports, please refer to our [website page](#)

## Additional BFS IT services research references

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The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

- 1. Application and Digital Services in Capital Markets – Services PEAK Matrix® Assessment 2020: Beating the Slowdown with Data** ([EGR-2019-31-R-3459](#)); 2019. In this research, we analyzed the capabilities of 27 leading IT application service providers specific to the global capital markets sector. These providers were mapped on the Everest Group PEAK Matrix®, which is a composite index of a range of distinct metrics related to each provider’s vision & capability and market impact
- 2. Service Provider Landscape with PEAK Matrix® Assessment 2017 for Risk & Regulatory Compliance Application Services in BFS:** ([EGR-2018-31-R-2784](#)); 2017. Through this report, Everest Group explores the different regulations that banks and financial institutions need to comply with, and the key business, technology, and sourcing implications these regulations have. The report also captures the key trends for regulatory compliance-related transactions in banking and capital markets, and regulatory compliance-related investments made by service providers
- 3. Assessing the Trade Lifecycle Management Technology Platform Landscape: Reimagining Pre-trade and Post-trade Operations for a Digital-first Mandate** ([EGR-2020-31-R-3612](#)); 2020. As BFS firms are under burgeoning pressure from legacy systems, reducing margins, and ever-changing regulations, they are increasingly looking to leverage third-party platforms for managing pre- and post-trade operations. In this report, we have analyzed the vision, capabilities, and potential market impact of 10 trade lifecycle management technology platform vendors

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