

Managing Credit Risk – The Stress Testing Component

Addressing credit risk management with a **SMART** approach and strong analytics

Stress testing the commercial loan portfolio is now being recognized as a key component to managing the risk profile of a financial institution. Metavante uses a **SMART** (Subject, Methodology, Actions, Results, Testing) approach to assist banks with their risk management issues. We deploy software solutions at the right point in the methodology, enabling a bank to build, utilize, and prove that it has an effective system that addresses regulatory issues and provides information to manage profitability.

Commercial Loan Portfolio Stress Testing

Stress testing the commercial loan portfolio requires three components: quality data from origination and servicing; a robust analytic engine; and the knowledge to interpret the results. Metavante has all three.

Data – We are experienced data managers. From capturing data as it flows through lending applications to importing third-party data to adding custom data from origination, Metavante is well versed in data management techniques.

Analytic Engine – The statistical analysis of data requires knowledge of various loan types and portfolios as well as the appropriate statistical tools to deploy. We've made arrangements with a qualified third party to conduct this analysis and provide the tools necessary to conduct repeated stress tests on a scheduled or as-needed basis.

Interpreting the Results – We work with your financial institution to interpret the results for regulatory requirements and internal strategic decision making. Additionally, we are able to review your loan processes and recommend ways to improve quality and throughput.

Metavante Consulting and Professional Services can help assess all risk in an integrated fashion. Or, we can focus specifically on one aspect of risk management such as stress testing. Our expert consultants work directly with you to analyze your lending portfolio.

We help turn stress testing into good banking sense. Your bank can take a robust approach to using stress testing as a tool to manage its financial institution.

Stress tests should become much more akin to the strategic management of the bank. Metavante consultants help banks implement and then embrace stress testing – building the process into the fabric of your organization.

Real Business Value

Metavante can assist you in creating a comprehensive risk management strategy to help:

- Ensure predictive outcomes are known for future business environments and scenarios
- Increase your organization's risk management efficiency by cutting across organization silos
- Compete for lending business more effectively and profitably
- Address the examiner's concerns
- Present a well-crafted risk management program to your board



Managing Credit Risk – The Stress Testing Component

Why Metavante Consulting?

Metavante's Consulting and Professional Services prides itself on its depth of experience. Our strategic consultants and senior technologists form the core of the risk management team. This combination of banking expertise and model creation is key to making sure your risk initiative is completed to your satisfaction.

Contact Us

For more information about Risk Management Consulting from Metavante, contact your Client Relationship Manager, call 1-800-822-6758, or visit metavante.com.