



Lessons from the Banking Industry

Alchemy Technologies
SECP Workshop
September 2007

Action plan



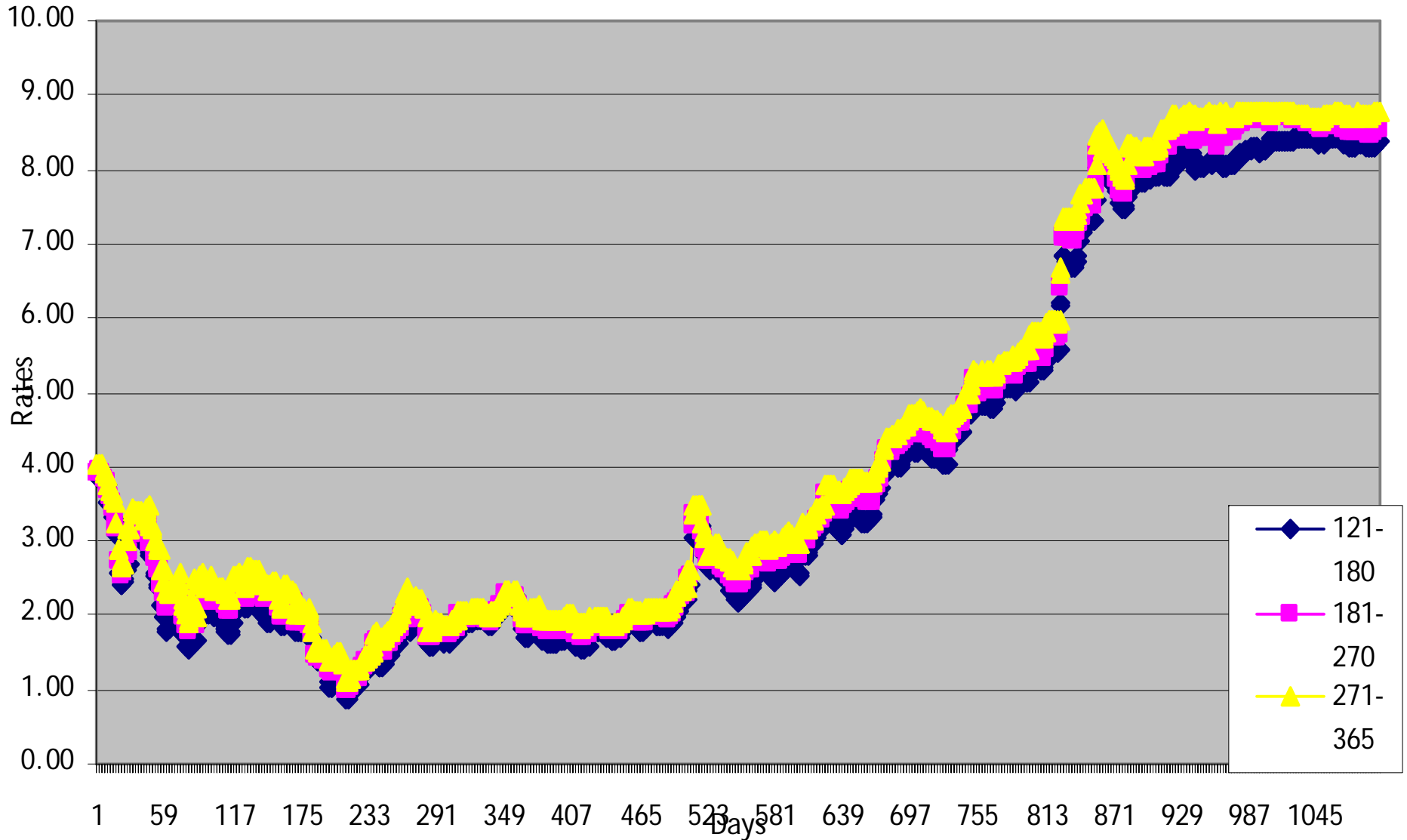
- Solvency Context
- Capital
- EL versus UL
- Implementation Challenges

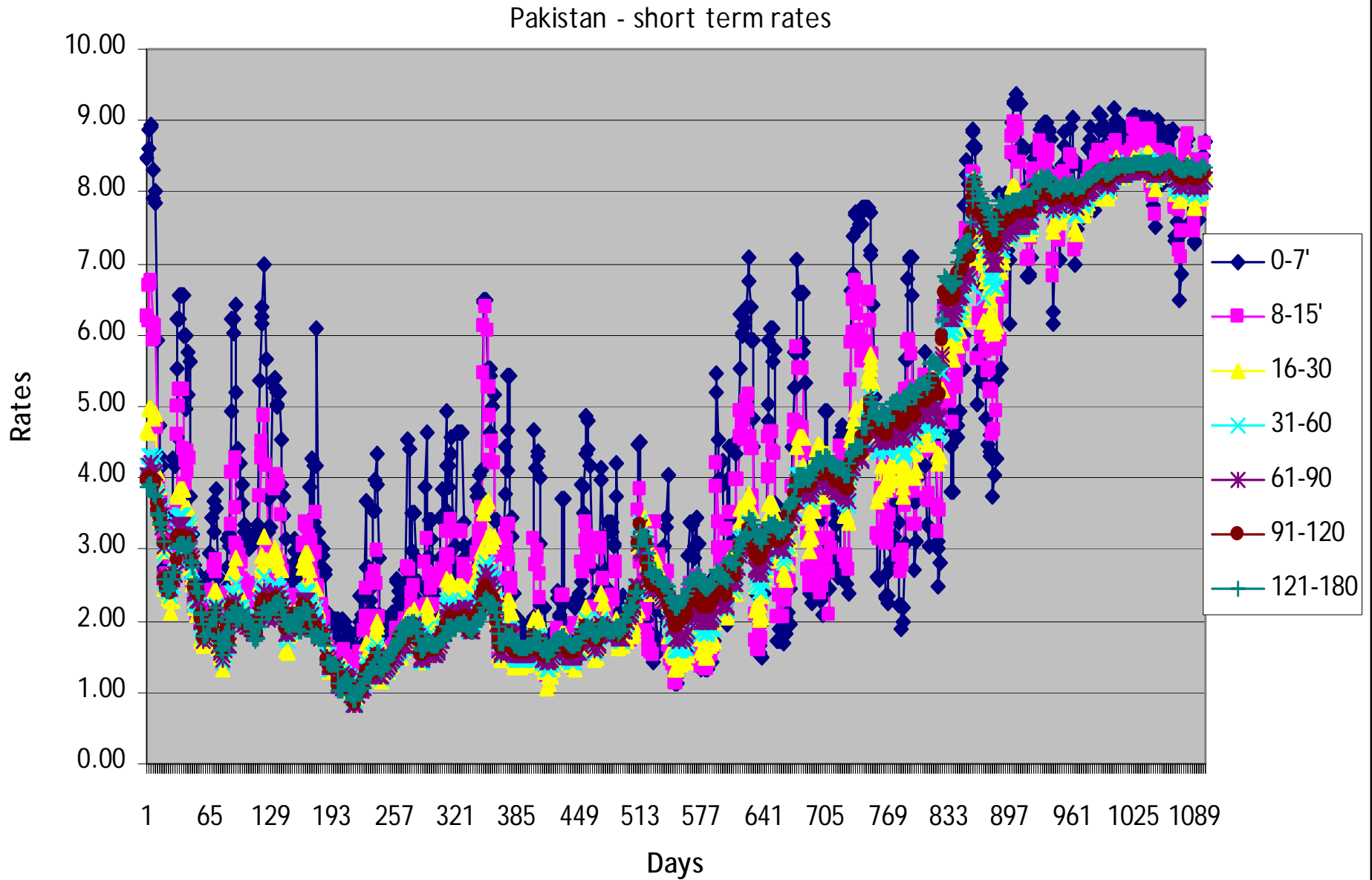


Interest rate change – so what?



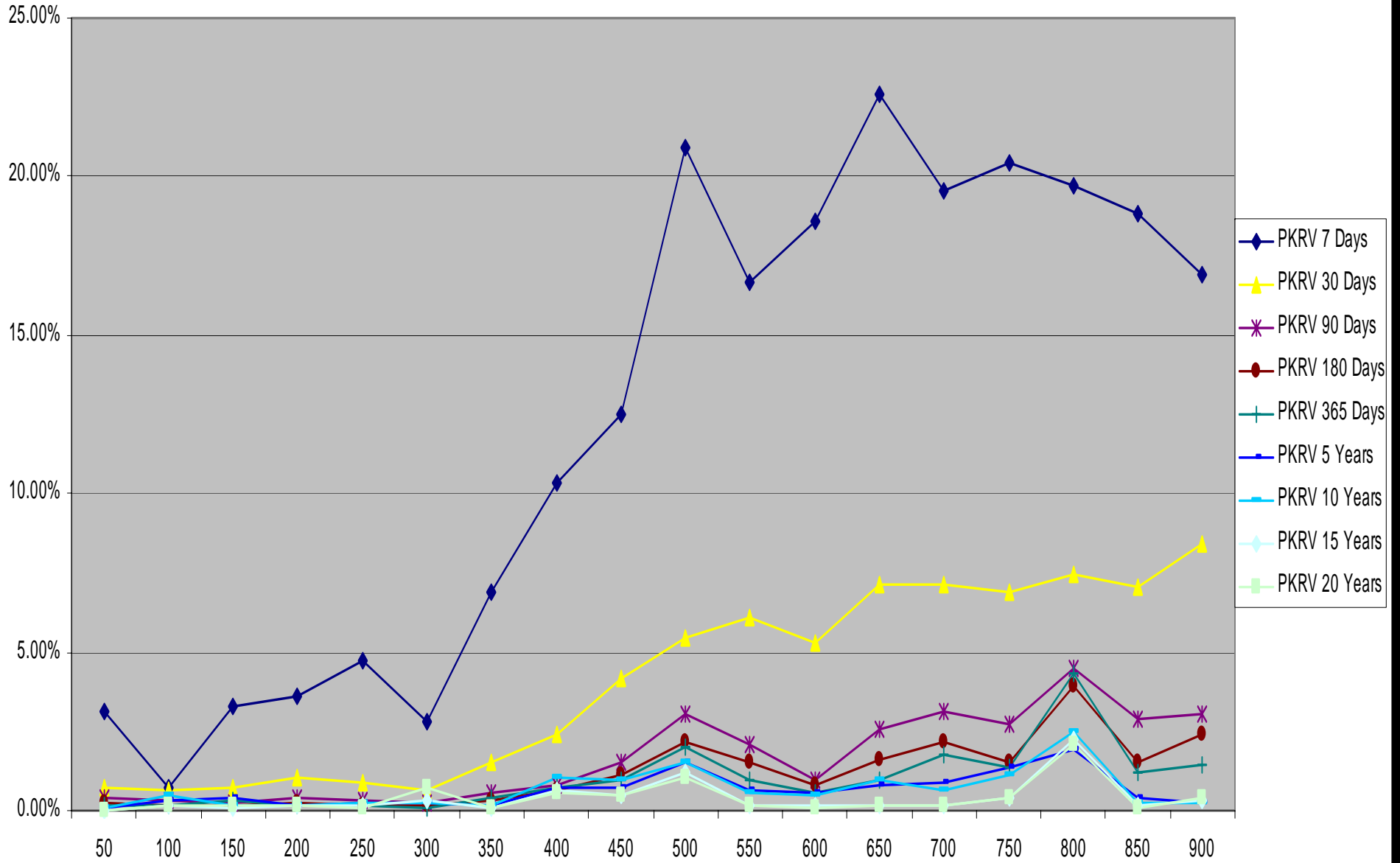
Pakistan - Rate Snapshot







Sigma





Capital Requirements

Banks

- Market, Credit & Op Risk
- Risk based Assets
- Minimum Capital Requirement
- Pillar II and Pillar III
- Stochastic Approaches

Insurance

- Primary Exposure to Market, Guarantees & Op Risk
- Risk based assets and liabilities
- Minimum Solvency Margins
- Pillar II and Pillar III
- Stochastic Approaches

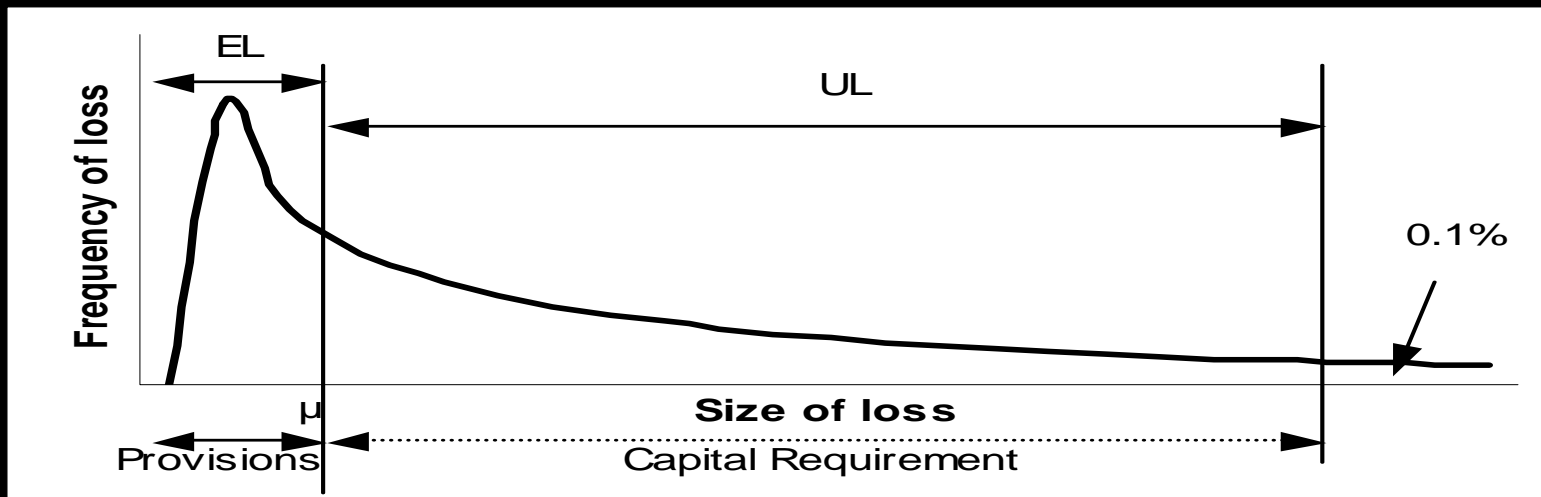
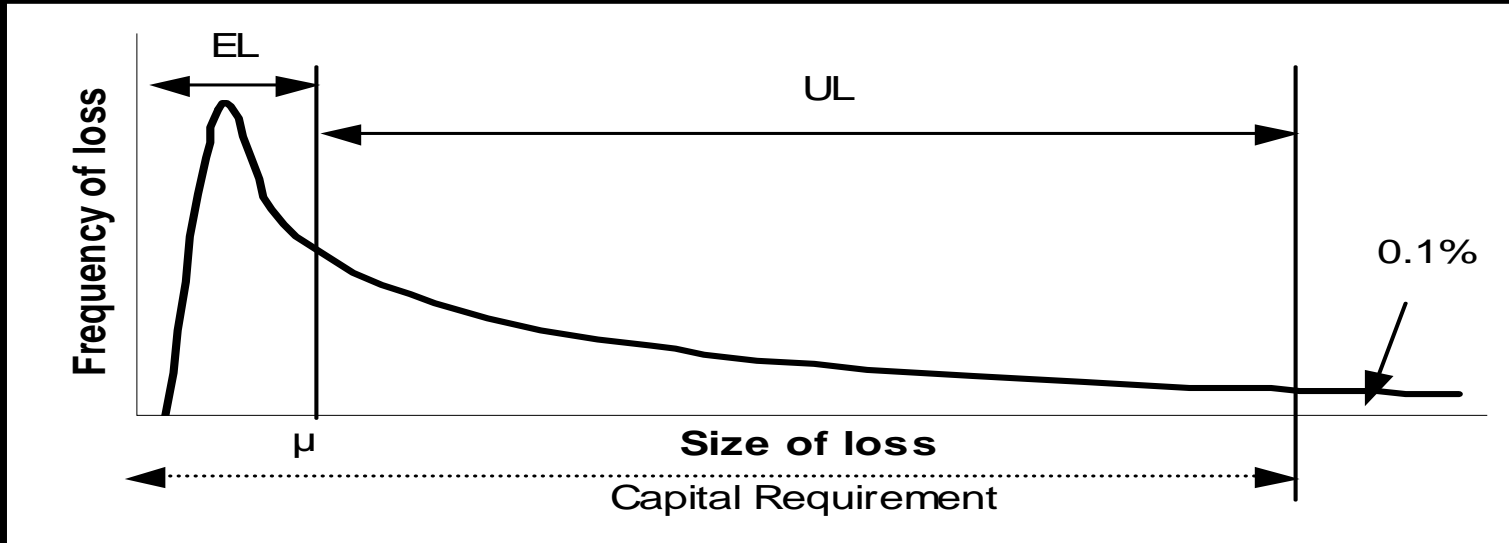


Capital

Problems Redefined

- Aggregation
- Adequacy
- Evaluation
- Tradeoff

Unexpected Loss, CP3 and RF Applicable to IRB & AMA





Implementation?

- Compliance driven mindset
- Pillar II and Pillar III reporting
- Static versus dynamic risk
- The business case for risk management
- Inertia
- Timelines



Q & A



Follow up

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