

IBACAS



THE INSIDE TRACK

NEWS RELEASE

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Ibacas launches Corporate Actions Risk Measurement Application – Carma

It is widely recognised that Corporate Actions processing is inherently risky.

You only have to look at the various reports and White Papers that have been published on this subject; attend any of the industry conferences where industry experts speak of the need to reduce the associated risk; or read the marketing material of the many Corporate Actions data providers/processing platform suppliers, who speak of how their services or software will reduce the risk to know that this is a huge problem for the industry.

While as an industry we agree that this process is risky, it has never been possible to quantify that risk in a meaningful, consistent and quantifiable way.

Just how risky is risky?

Operations/Risk Managers currently tend to rely on red/amber/green, or high/medium/low approach, based solely on the event type. While this is useful to some extent, the big issue with this approach is that it leaves a lot open to interpretation, as the risk can only be measured in relative terms, not in absolute terms.

In order to address this critical issue, Ibacas has spent the last two years working with recognised industry leaders and experts to develop a Corporate Actions Risk Measurement Application (Carma) that provides a monetary value for the level of Corporate Actions risk exposure.

Carma has a three-stage process to calculate the risk values, analysing the impact of Operational Risk, Regulatory Risk, Trading Risk (where relevant) and Client/Counterparty Risk within an organisation.

The process takes into account factors that are external to the users, such as the terms of each Action; the 'value' of the event and the quality of announcement data in the issuing market; as well as internal factors such as process automation/optimisation levels, staff profiles, client type and position type.

Carma receives announcement data, position data and pricing data in real time, constantly recalculating the risk to ensure that the resultant calculations are as up to date as possible.

The configurable web-based user interface and open database allows users to easily view or extract the risk value data from an enterprise level, all the way down to an individual position level.

In addition, Carma has scenario capability, allowing users to calculate what the risk would be if certain variables changed. For example, the impact on risk levels if a technology investment is delivered, or if a process is moved to an off-shore location. This finally allows users to include changes in risk values within business cases in order to secure funding, or identify the change in risk resulting from a proposed change in the Operating Model.

Meeting real world requirements

Adam Stern, Managing Director of Ibacas comments: 'As the leading independent Corporate Actions specialist consultancy, Ibacas has worked with many of the leading global organisations over the last ten years on a range of Corporate Actions related projects.

'During this time, many clients have expressed their frustration about the inability to accurately identify and measure the value of the risk associated with processing Corporate Actions and Income events. Without knowing exactly where the greatest risk lies, it becomes impossible to properly manage it and use the available resources in the most efficient manner. The bigger the organisation, the bigger this problem becomes.

'Ibacas has worked closely with industry practitioners to develop Carma, thereby ensuring that it meets their real world requirements, regardless of organisation type or size. It delivers the specific functionality that is so desperately needed. For example, in the unfortunate situation where a loss is incurred, Carma users will be able to contextualise the loss in terms of the total value of events processed and the value of risk being managed, rather than just saying we have incurred a loss. This level of data analysis will finally allow Corporate Actions managers to develop and present fully justified business cases with measurable returns on investment for better data sources, better systems and more training for staff.'

General Inquiries

If you would like to find out more about how Carma can help your organisation, please contact Ibacas directly to arrange a demonstration - info@ibacas.com or visit our website – www.ibacas.com/carma