

Pillar II Implementation

The Assignment

The client, an investment bank in Saudi Arabia needed to comply with Pillar II requirements as stipulated in Basel II under guidelines issued by the local regulators (SAMA).

Our Solution

As a part of our Pillar II implementation, we conducted a scoping diagnostic study to assess the status of the financial institution with respect to Pillar II requirements. Diagnostic templates, based on our practical experience, were used. At the end of this phase, we developed a detailed plan of the implementation project which the bank needed to comply with Basel II guidelines.

The implementation phase of the project consisted of the following:

- Defining the overall risk appetite of the bank.
- Development and documentation of the ICAAP.
- Capital planning and budgeting process.
- Development of appropriate methodologies and models for assessment of Pillar II risks.
- Estimation of risk capital charge for Pillar II risks based on the scale and complexity of the bank's operations
- Development and implement of stress-testing frameworks for all risk types.

Takeaways for the Client

The client achieved Basel II compliance through an accelerated and effectively managed implementation process with detailed attention to the local regulation.

ASSIGNMENT DETAILS

- ▲ SECTOR
BANKING
- ▲ DOMAIN
RISK MANAGEMENT
- ▲ GEOGRAPHY
MENA
- ▲ PROJECT DURATION
6 MONTHS