

Case Study

Military Bank revolutionizes their risk management processes

Military Bank aims for digital transformation and
comprehensive financial connection



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Military Bank aims to meet advanced risk management standards and automate the measurement, monitoring, and warning of all types of risks. The slogan of the Military Bank Risk Management division: 'Creativity, discipline, cooperation, and digitalization', captures this drive to improve its risk management capacity and become a technologically advanced and entirely digital enterprise."

About Military Bank



Current Assets for MB Bank are **USD 37.2 B**



10,481 employees



Total number of branches: **308**

www.mbs.com.vn/en/about/vision-mission/



Finastra Kondor

The challenge

Aligning with Advanced Risk Management Standards Amid Market Volatility

Challenging market conditions, post-covid environment and ever increasing regulation created a daunting environment.

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Between 2021 and 2023, Military Bank tackled the task of aligning with sophisticated risk management standards and automating processes amidst market fluctuations, surging transactions, and the Basel III standards recommended by the State Bank of Vietnam."

Mrs. Bui Thi Mien
Deputy Director of Risk Management
Division, Military Bank

Military Bank (MB) was initially established with the objective of supporting military companies in business activities. It has since grown to become one of the largest and most reliable banks in the APAC region, providing comprehensive financial services for both retail and corporate customers. Between 2021 and 2023, Military Bank (MB) confronted the difficult task of aligning with advanced risk management standards and automating processes amid market volatility, increased transactions, and the State Bank of Vietnam's Basel III standards recommendation.

In navigating these challenges, Military Bank faced the intricate task of aligning its practices with international standards on bank capital adequacy, stress testing, and liquidity requirements.

The challenge	The solution	Delivery journey	The result
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The solution

Military Bank leverages the Kondor system to optimize their treasury operations

Military Bank strategically partnered with Finastra, opting to upgrade their Kondor front-to-back system—a widely recognized financial software solution among Vietnamese banks.

Finastra Kondor was selected due to its capacity to leverage a robust system with advanced features and calculation engines for assessing fair value, handling limits, and managing transactions. Simultaneously, it offers seamless integration with other systems through APIs. Military Bank improved operations and risk management by implementing new tools and enhancing the efficiency of current tools and systems.

Finastra’s Kondor delivers market risk limits, counterparty credit risk and Capital Requirements Calculations.

Market Risk Limits:

With Kondor, Military Bank efficiently manages market risk limits, ensuring strict control, end-of-day forecasting, and prompt business portfolio adjustments. An in-house system delivers VaR on a near realtime basis using calculations based on Kondor data.

Counterparty Credit Risk:

To enhance real-time counterparty credit risk management, Military Bank utilizes the Kondor front-to-back system, addressing complexities in transaction flows and embracing automation.

Capital Requirements Calculation (Basel III):

For Basel III compliance, Military Bank harnessed the capabilities of the Kondor system, incorporating Riskatcher to calculate and store Sensitivities and Portfolio information.

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Selecting Kondor front-to-back as the solution for Sensitivities and Portfolio information storage was driven by two key factors: (1) existing management of transactions subject to Basel III market risk capital requirements on Kondor, and (2) Kondor’s robust engine (Riskatcher) adept at handling Basel III sensitivity value calculations.”

Mrs. Bui Thi Mien
Deputy Director of Risk Management
Division, Military Bank

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// It was necessary to understand the flow of operations, system settings that affect VaR results and how to determine the cash flow of all transactions in the portfolio, as well as other details. These challenges were resolved during the Kondor system upgrade process with experts from Finastra. //

Delivery journey

Combining strategic action, deep knowledge and strong teamwork

Each problem has a different set of challenges, requiring Military Bank to dig deep into the system to successfully design and configure the support tools the way they needed, and automate tasks

The delivery journey involved updating and enhancing processes, relying on Kondor data to scale and automate workflows.

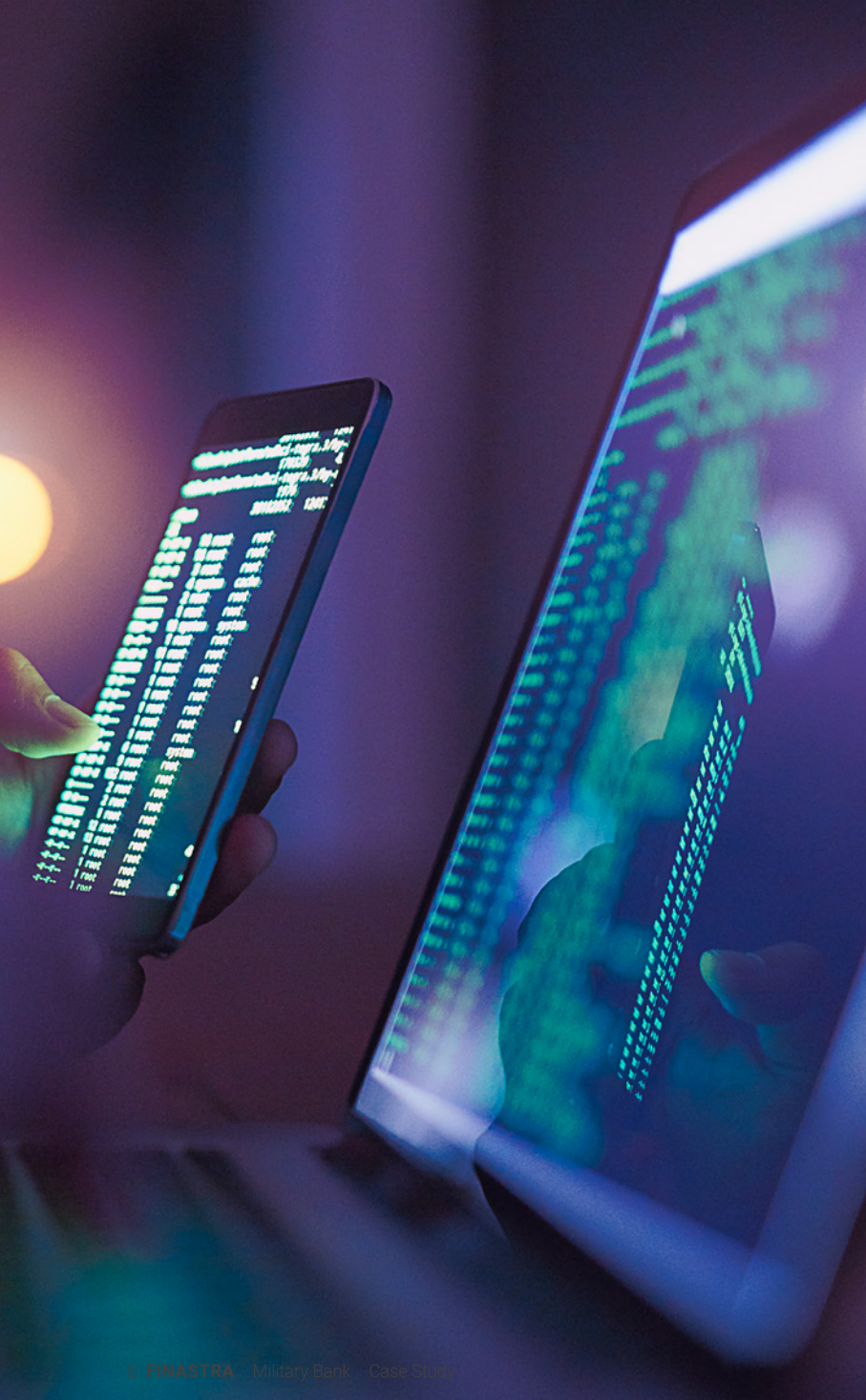
Military Bank coordinated with Finastra teams to acquire an in-depth understanding and gain the capacity to deploy the VaR calculation tool with accurate results.

An important challenge to meet Basel guidelines/recommendations was to find a way to eliminate the Data Gap, and look for solutions on how to implement calculation of input data according to Basel III requirements for building a capital calculation system for market risk under Basel III. To do this, MB researched the Riskatcher function in Kondor, conducted testing and reconciliation steps, and coordinating with IT to design a job that automatically saves, calculates, and stores all Delta risk data following Basel III requirements.

The team leveraged Kondor data, calculating changes in market values, daily storage and validation setups were managed using DV Filter and related procedures.

Deals validated by approval users reached Kondor, and MB's internal tool utilized this Kondor data information to calculate and block exceeding deals. Data was automatically stored daily from Reuters, and ETL processes facilitated data flow from the front-to-back to the ICAAP system.

Overall, these projects were successful and were completed within Military Bank's specified deadlines.



The result

Positioning Military Bank as a Forward-Thinking Institution

The successful implementation brought numerous benefits to Military Bank, both quantitatively and qualitatively, positioning the bank as a forward-thinking institution in the dynamic landscape of financial risk management.

Military Bank won the Celent Model Risk Manager 2024 using Finastra Kondor. This achievement further solidified their position as a leader in risk management. The successful implementation of Kondor brought numerous advantages, including enhanced risk management capabilities, increased automation, and improved portfolio quality.

Military Bank moved from theoretical simulation to practical calculations for a diverse portfolio during the Kondor system upgrade, assimilating content and enhancing deployment capacity. The complexities in Counterparty Credit Risk Management led to the formation of a project team, conducting extensive operational testing to ensure seamless integration with internal tools.

Overcoming intricate points in Basel III, Military Bank researched Riskatcher on Kondor, conducted testing and reconciliation steps, and collaborated with IT to automate Delta risk data storage.

This success story unfolded over a timeline that showcased Military Bank’s commitment to excellence. In summary, the strategic alliance with Finastra and the dedicated utilization of Kondor empowered Military Bank to not only overcome challenges but also redefine its capabilities in risk management and financial operations. The journey from challenge to solution and successful implementation marks a significant chapter in Military Bank’s pursuit of excellence.

Contact us

About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning software solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (Retail, Digital and Commercial Banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by over 8,000 institutions, including 45 of the world's top 50 banks. For more information, finastra.com

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