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The Basel II Diagnostic Tool

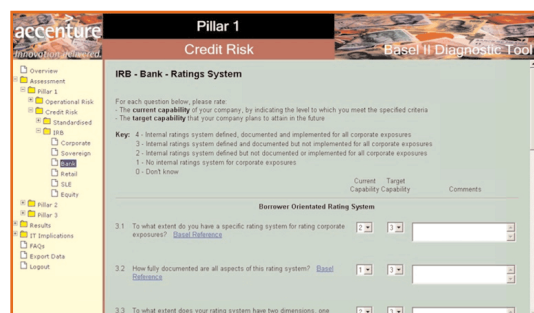
Innovation delivered.

Are you ready for Basel II?

The New Basel Capital Accord is the blueprint for the most radical changes to the way banks are regulated since the first Basel capital adequacy standards of 1988. It focuses regulatory attention on risk management and capital allocation in a rigorous and prioritised way – and will reward those banks with sophisticated and robust risk management by reducing their capital requirements. The challenges are huge. The new Accord is complex and prescriptive, and its impact will be felt right across banks, from front-office and channel processes through to group reporting functions. Despite the recent decision to delay implementation until 2006, the time to start making the necessary changes is fast approaching.

Accenture's Basel II Diagnostic tool will help you negotiate this potential minefield. Fully web-based, it will highlight the impact of key requirements on your business, and enable the development of a prioritised action plan to achieve Basel II compliance.

Assessing your capabilities



	Current Capability	Target Capability	Comments
3.1 To what extent do you have a specific rating system for rating corporate exposures? View Reference	1	2	
3.2 How fully documented are all aspects of this rating system? View Reference	1	2	
3.3 To what extent does your rating system have two dimensions, one	2	2	

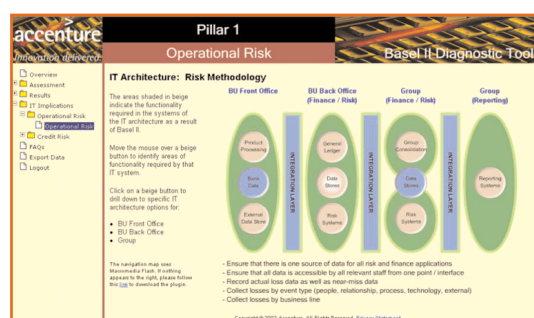
The tool consists of a series of intuitive self-assessment questions, based on the Basel II requirements outlined in the January 2001 Consultative Document and the subsequent Working Papers. Categorised by the business processes impacted by the Accord, each question allows you to assess your current and target capabilities against the Basel II requirements. The tool is modular, so you can choose to assess just your credit or your operational risk capabilities, or both.

Bridging the gap



Your responses to the assessment are summarised graphically in a Spider Web diagram to give a high-level gap analysis of your current and target capabilities versus the Basel II requirements. Within each module, drill-down functionality enables identification of priority areas for development against both your internal targets and the Accord itself.

The impact on IT



The tool goes beyond performing a gap analysis. It provides insight into the new functionality required by individual IT systems within a banking architecture as a consequence of Basel II and evaluates various implementation methods. Addressing the impact on both your operational and credit risk systems, it allows you to consider potential options for making the required enhancements.

From diagnostic to implementation

Understanding the gaps in your processes and systems is only the beginning. We can work with you to develop a strategic plan to ensure that you derive tangible business benefits from this unavoidable investment. And as Basel II is primarily a systems and data issue, we can use our market leading skills in systems integration and data mining and warehousing to deliver the right solution. Already we're working with a number of banks across the world to help them meet the challenges posed by Basel II.

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