



OUR SERVICES

FINANCIAL INDUSTRY & BANKING

EconLab Consulting, d. o. o.

www.econlab.si

FINANCIAL INDUSTRY & BANKING

Financial sector is in the midst of radical shift in business models, perpetuated by low interest rate environment and digitalization. At the same time the echoes of 2008 financial crisis are felt in the regulatory environment. By combining high-level quantitative skills and in-depth knowledge of regulatory environment, EconLab can solve many of the challenges that organizations are facing today.

OUR EXPERTISE

ICAAP & STRESS TESTING

EconLab has extensive experience in helping clients in ICAAP process and carry out internal stress tests. With background gained from being involved in the design of the stress testing methodologies within the ECB and bank of Slovenia, we are ready to tackle any assignment in this area. Our team has also supported international banks in EBA stress testing in relation to stress test modelling, template completion, review of these templates from regulatory positions, preparation of explanatory notes to the ECB, assistance in DQ phases, and managerial support in stress test process

QUALITY ASSURANCE AND VALIDATION

Model risk and ensuring model quality becomes increasingly important, in the era that building models has become easier and easier with out-of-the-box toolkits. Having strong quantitative and academic background, EconLab is well positioned to provide quality assurance even for more complex models. Our focus areas are IFRS 9 & stress testing forward looking models. Similarly, we have ample experience in validation of rating models, where we also have developed a proprietary toolkit that organizations can use themselves to improve internal validation capacity. Our staff has also experience in ECB TRIM process and is able to support the validation procedure of IRB level models.

RISK MODEL DEVELOPMENT

We have supported banks, asset managers, and commodities trading operations, in keeping their risk exposure at bay. We have experience in building models for credit rating, stress testing, market risk, and operational risk. We can assist organizations during the entire model development process, starting from data preparation and data quality assurance & control, to model development and validation, including post-development activities such as support in policy development and support in regulatory inspections. We also place great importance on building our clients' internal capacity and thus for us, an integral part of modelling is the process of knowledge transfer to our clients.

DATA AND TECHNOLOGY

In banking technology and data are the most critical areas of competitive advantage. We can help organizations assess their IT strategy and the viability of current core IT components and help plan out a way forward. Data also plays a key role in regulatory compliance and it is the foundation of any quantitative methodology. Having a strong understanding on how the data is utilized in modelling, we can help design data capture and warehousing strategy and help clean and organize older data to meet current needs.

ASSET MANAGEMENT SUPPORT

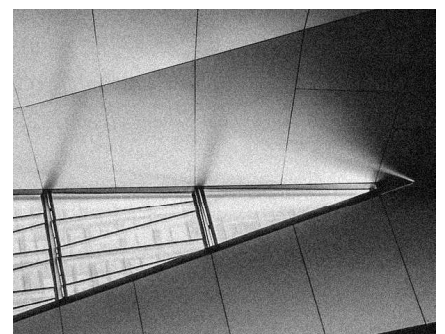
Under the low interest rate regime, more critical than ever to ensure an optimal asset allocation. Our strong background in macroeconomic and financial modelling, can help you dynamically adjust the portfolio structure to strike the right balance of seizing opportunities with limited downside. We have extensive experience in Interest rate, exchange rate and commodity price modelling, as well as solid background in market risk modelling. Being in tune with the business needs we also place special care to make the modelling results and limitations clear, leaving the decisionmakers in an optimal position to further apply their own experience and judgement.

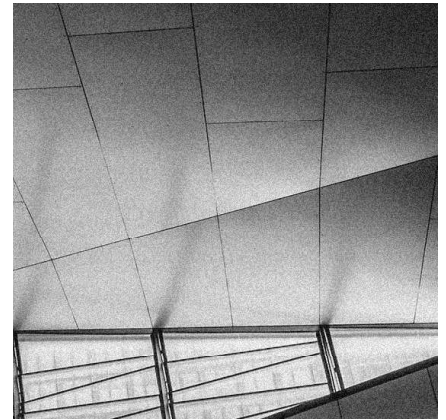
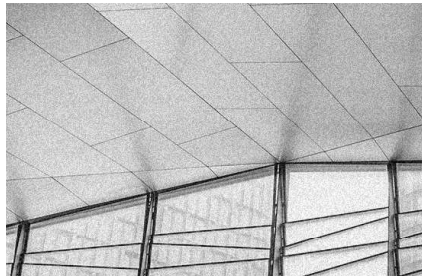
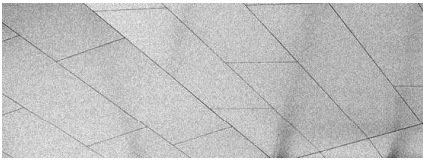
STRATEGY AND OPERATIONS

The ever-faster evolution of banking market regulations means that a growing number of standards have to be met. These new requirements may also have major impact on business models. With background in regulatory positions, EconLab staff is well positioned to help institutions navigate the maze of new requirements in a profitable manner. EconLab's core speciality is operationalizing the methodological and quantitative requirements put forth by the regulators, in their typical non-prescriptive style that leaves a lot of room for interpretation.

REGULATORY & COMPLIANCE

Low interest rate environment and new technologies are reshaping the banking landscape. This necessitates more focus on new business models and operational efficiency. This also has brought new regulatory scrutiny as part of the SREP. Therefore, on banks should proactively review of existing strategy from the point of view of viability and sustainability of the business model, market competitiveness and benchmark their performance to peers. Econlab can help in forging a new strategic direction, and help makes operations leaner.





WHY ECONLAB

OUR APPROACH TO CLIENTS

Since our understanding of the client's needs is key for efficient delivery, we prepare a detailed technical plan that focuses on both the client and the task. We do not focus only on the specific task, but we also deliver a knowledge transfer from EconLab to your team. Our teams have built an extremely strong collaborative working environment with the teams of our clients. EconLab can provide resources at senior and analyst level on-site or remotely.

EXPERIENCE AND EXPERTISE

Our team brings extensive experience in macroeconomic and financial modelling techniques and portfolio evolution processes. Due to our specialised backgrounds, our teams have the ability to achieve extremely tight deadlines and flexibility. Our methods follow regulatory frameworks from the start of the assignment in order to deliver the most effective tools and results that suit our client's needs.

UNDERSTANDING OF REGULATORY FRAMEWORKS

With extensive academic backgrounds in economics, banking, finance and business, our team possesses extensive knowledge of the regulatory environment. EconLab understands the regulatory expectations and can offer efficient solutions to technical challenges. We have supported a number of clients in tasks that required specific regulatory knowledge and specific approaches in order to deliver optimal allocation of our client's resources.

JOINT DELIVERY OF THE STRESS TESTING PROGRAMME

Our team has supported international banks in EBA stress testing in relation to stress test modelling, template completion, review from the regulatory positions, preparation of explanatory notes to the ECB, assistance in DQ phases, and managerial support in the stress test process. We have been involved in the design of the stress testing methodologies within the ECB and Bank of Slovenia. This provides us with unique insights into the review process including the use of "red-flags" and challenger top-down models. Our modelling framework is designed and based on the ECB specifications.

PORTFOLIO MANAGEMENT

We continuously provide support in development of macroeconomic forecasts to support portfolio allocation decisions of a major insurance company. Our work can be based on a mixture of robust state-of-the-art quantitative modelling techniques and/or extensive qualitative market knowledge that our academically-backed team possesses as either a complete on-going solution or a separate one.

RATING MODEL DEVELOPMENT AND VALIDATION

Our team has successfully carried out multiple credit risk model validation assignments with a number of clients, both locally, and internationally. In addition, our team has developed and redeveloped a number of credit risk models for different portfolios and client types ranging from small local banks to pillar banks. Due to our deep understanding of modelling industry standards, EconLab is able to work with different methodologies.

WE DELIVER

CONTACT



IGOR MASTEN PhD

PARTNER - FINANCIAL ADVISORY

Igor Masten is a professor of economics at the University of Ljubljana and the managing partner of EconLab. He holds a PhD in Economics from the European University Institute and has several publications in high-ranked scientific journals in the areas of risk management, banking, econometrics, finance and macroeconomics.

PHONE: **+386 040 145 000**

E-MAIL: **igor.masten@econlab.si**



www.econlab.si