FINANCIAL SERVICES

FINANCIAL RISK MANAGEMENT (FRM)

The Financial Services industry operates within a complex ecosystem shaped by evolving technology, shifting customer expectations, and new market participants with innovative solutions and business models. Banks and financial institutions are also investing more in technology to gain an edge. At the same time, they must navigate evolving regulations and greater regulatory scrutiny - these regulations can be local, regional or global.

Considering the above, the role of risk management has evolved to address both traditional and emerging risks. An effective risk management function goes beyond regulatory compliance, focusing on institutional resilience and building capabilities that support sustainable growth.

Our FRM practice provides a range of solutions across risk management, analytics, compliance and financial risk technology to partner with organizations as they seek to meet their risk management goals.

Our Service Offerings

Credit Risk Management (CRM) & Analytics

- Develop comprehensive credit risk management policies (including lending policy) that align with regulatory standards (e.g., Exposure Norms, master directions, Basel III/IV, IFRS 9)

- Enhance governance frameworks to monitor and oversee credit risk effectively

- Conduct independent reviews of loan portfolios to assess credit quality and provisioning adequacy Conduct portfolio stress testing under macroeconomic and idiosyncratic scenarios to gauge resilience

- Develop and implement robust credit scoring frameworks tailored for retail, SME, and corporate segments, leveraging advanced analytics, internal and external data integration, and continuous validation to enhance lending decisions and portfolio quality

- Develop and regularly calibrate credit risk models (PD, LGD, EAD) using historical data, market trends, and forward-looking scenarios to estimate Expected Credit Loss (ECL)

- Integrate ECL models seamlessly with IRB frameworks for provisioning, capital computation, stage classification, and comprehensive default rate analysis across the entire model lifecycle

- Assess and manage Counterparty Credit Risk (CCR) through robust modeling of potential future exposures, credit valuation adjustments (CVA), and stress-testing under adverse market scenarios

Capital and Balance Sheet Management

Capital Adequacy & Optimization

- Assist institutions in complying with capital adequacy requirements (CET1, T1, and T2 ratios) according to Basel III/IV and local regulations

- Develop the ICAAP framework, focusing on risk strategy, business and RWA projections, Pillar II risk assessments, stress testing, and capital planning

- Analyze and optimize Risk-Weighted Assets (RWAs) to improve capital efficiency across credit, market, and operational risk categories, leading to better capital optimization

- Create short-term and long-term capital planning models that incorporate regulatory changes and stress scenarios

- Develop RAROC models to assess risk-adjusted profitability for business lines, products, and individual transactions

- Develop frameworks to allocate capital efficiently across business lines, products, and geographies

Strategic Asset Liability Management (ALM)

- Create frameworks for ALM to handle balance sheetrisks such as interest rate risk, liquidity risk, and funding mismatches

- Analyze gaps in maturity mismatches and suggest strategies to improve net interest margins (NIMs)

- Build frameworks aligned with Basel III liquidity standards, such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)

- Design stress-testing scenarios for liquidity shocks, incorporating macroeconomic and market-specific factors

- Analyze interest rate risks and develop strategies to manage sensitivity (e.g., duration gap analysis)

- Develop contingency funding plans for stress scenarios and test these plans to ensure they work effectively

- Design and implement FTP frameworks to allocate funding costs and profits across business lines effectively

- Create real-time dashboards for monitoring capital and liquidity metrics

Our Service Offerings

Market Risk Management & Analytics

Fundamental Review of Trading Book

- Build FRTB-SA sensitivity engine for Delta, Vega, and Curvature, enabling trade-level risk factor mapping and granular tenor-wise sensitivity generation across risk classes

- Implement capital aggregation and bucketing logic, including risk class segmentation, risk weight application, prescribed correlation structures, and liquidity horizon overlays

- Design and validate Default Risk Charge (DRC) framework for credit-sensitive instruments in the trading book

- Build and calibrate Residual Risk Add-On (RRAO) models for exotic instruments and structured products

- Develop FRTB compliant data architecture, integrating sensitivity sourcing, trade risk factor mapping, and regulatory classification

- Create governance frameworks for validation, performance tracking and back-testing of capital outputs

Market Risk Analytics

- Develop and validate VaR/SVaR models using historical, parametric, and Monte Carlo methods aligned to internal risk appetite and regulatory capital frameworks

- Design and perform Run stylized and historical stress tests across risk classes to capture nonlinearity, regime shifts, and tail-event impacts

- Implement robust backtesting frameworks with exception tracking, statistical coverage tests, and regulatory thresholds ensuring accuracy and regulatory compliance.

- Design interactive dashboards for real-time risk analytics, scenario-based exposure tracking, and limit breach alerts across risk classes and business units

- Conduct yield profile diagnostics using DV01, key rate duration, and convexity to assess curve risk and IR shock sensitivity

- Design bespoke stress scenarios tailored to portfolio exposures, combining macro-financial triggers, historical analogues, and forward-looking shocks

Derivatives Pricing & Treasury Management

Derivatives Pricing & Quantitative modelling

- Build risk aligned pricing models for vanilla and structured derivatives across multiple asset classes

- Implement valuation engines for instruments like forwards, futures, IRS, swaptions, and exotic options using Monte Carlo, finite differences, and lattice-based methods

- Model stochastic volatility and smile dynamics using BRW, SABR, and Hull White frameworks with real-time surface calibration

- Design fair value and mark-to-market models with scenario based testing

- Model sensitivities (Greeks) — Delta, Gamma, Vega, Theta, Rho — and incorporate them into risk-adjusted pricing and hedging strategies

- Provide quantitative support with model documentation, regulatory views, and audit walkthroughs

- Conduct independent model validation and benchmarking of pricing libraries in line with the market standards

Treasury Policy and Analytics

- Develop comprehensive product program guides detailing trade lifecycle, instrument eligibility, pricing conventions, and documentation standards

- Draft and refine treasury-related risk policies (hedging, mark-to-market, valuation adjustments, risk limits)

- Establish limit frameworks based on market sensitivities (DV01, PV01), exposure bands, stop-loss triggers, and escalation thresholds

- Conduct gap analysis of existing treasury policies vs leading market risk practices and global guidelines (ISDA, BCBS 239 guidelines)

- Set up pricing controls for revaluation triggers, stale price checks, and model-based valuation of illiquid instruments

- Define oversight protocols for market risk analytics, including roles for Market Risk, Treasury Front Office, and Independent Valuation Unit (IVU)

- Support policy documentation for various stakeholders, including detailed roles/responsibilities and escalation ladders

Our Service Offerings

Operational Risk & Non-Financial Risks

- Design or enhance the Operational Risk Framework to align with Basel, COSO, or ISO standards, ensuring compliance with local and international regulatory requirements
- Establish and digitize a robust Risk and Control Self-Assessment (RCSA) framework, supported by comprehensive risk registers covering both operational and emerging risks
- Develop effective Key Risk Indicators (KRIs) to proactively monitor current risk exposure, emerging trends, and potential control weaknesses
- Implement structured processes for capturing, analyzing, and reporting internal and external loss data
- Strengthen crisis preparedness by conducting targeted operational risk scenario analysis, including cyberattacks, system outages, and business disruptions
- Build interactive dashboards for real-time tracking of KRIs, loss events, incident resolution, and operational risk metrics.
- Develop conduct risk policies and internal control mechanisms to ensure ethical behavior, fair customer treatment, and mitigate non-financial risks
- Deliver targeted workshops and training programs for senior management and staff, embedding a proactive risk management culture across the organization

Regulatory Strategy, Reporting and Response

For Regulators/Supervisors

- Comprehensive overhaul of the supervisory assessment mechanisms to ensure effectiveness and alignment with global best practices
- Guidance and support in planning and executing theme-based inspections to address specific regulatory focus areas
- Assistance in the adoption and implementation of Supervisory Technology (SupTech) solutions to enhance regulatory oversight and efficiency
- Support refining regulatory guidelines for supervised entities and facilitating their effective implementation
- Organizing and conducting industry-wide consultation initiatives to gather insights and foster collaboration
- Providing representation in regulatory and industry committees to contribute to the design of policies, guidelines, and roll-out strategies
- Evaluating the market impact of proposed regulations to ensure balanced and effective outcomes
- Delivering customized training programs

For Financial Services entities

- Regulatory lifecycle management from the set up of the regulatory reporting function, i.e., data mart design, data collection and validation to submission
- Assistance in the implementation of new regulations, regulatory interpretation and, validation checks across returns
- Support in alignment with regulatory changes and ongoing compliance
- Pre- and Post-submission validation: ensuring accuracy and consistency of data through rigorous checks before and after regulatory filings
- Assistance in BCBS 239 compliance, and remediation of regulatory matters/issues
- Functional support in the implementation of Regulatory Technology (RegTech) solutions
- Support in developing actionable MIS dashboards for CXO-level decision-making

Our Service Offerings

Risk Frameworks & Enterprise Risk

- Establish governance and develop the ERM framework, aligned with the organization's culture, maturity, and risk appetite, ensuring compliance with ISO 31000:2009 and/or COSO Framework

- Define and document risk appetite, ensuring alignment with organizational objectives and strategic goals

- Conduct ERM maturity assessments to evaluate the existing framework and help improve the effectiveness of risk management processes

- Facilitate risk identification workshops to engage stakeholders and identify principal risks across the organization. Assistance in developing scenarios to assess potential impacts of different risk scenarios/sensitivities

- Support in the implementation of an ERM Solution

- Setting up a system of monitoring the effectiveness of risk mitigation plans

Regulatory Implementation

- Assist the institution in implementing technology solutions related to:

    - IFRS 9, early warning systems, credit models, and scorecards

    - ALM processes and regulatory reporting

    - Capital Computation

    - Operational risk and Compliance monitoring

- Review existing processes, design business requirement documents, and liaise with the implementation partner for execution

- Develop a testing strategy and create test cases across various risk areas

- Conduct user acceptance testing and product acceptance testing before going live

Why Us

Thought leaders

Jamil Khatri and Sandip Khetan, our co-founders, each have more than 25 years of experience partnering with diverse businesses across the globe on their reporting, governance, risk and finance function transformation journey. Sagar Lakhani and Suresh Wadhwani, our leaders in the FRM practice have more than 20 years of experience and have worked with clients across the globe. This unique blend of experience gives us the ability to understand your requirements, both strategically and practically and deliver excellence.

Deep and diverse talent pool and globally integrated delivery model

We have access to a deep and diverse global talent pool. Our partners and other leaders in our FRM practice have significant experience working with the credit risk management, capital and balance sheet management, regulatory strategy for financial institutions, and technology implementation practices of the Big 4 and other large consulting organizations globally. Our talent pool is globally integrated working across our key markets of the US, India, and the Middle East. We leverage large FRM talent pools in lower cost economies to provide high-quality at the right price.

Agility & responsiveness

Our team embodies the essence of agility and responsiveness, fostering a dynamic environment where adaptability and quick responses are integral to our operations. Our commitment to continuous learning serves as the bedrock for our agility, allowing us to proactively anticipate challenges and seize opportunities. We are not restricted by auditor independence conflicts, which further creates a frictionless environment to serve our clients.

Our Result Oriented Project Management approach

Our PMO approach with a different 'Result Management Office' that will focus on results and objectives over tasks. Our dedicated PMO ensures rigorous governance and seamless execution, translating strategy into tangible outcomes. We see –
- PMO as the engine of accountability, transparency, and continuous improvement and hence will not only be owning the project but the results too
- PMO' role as strategic partner liasonning with stakeholders with different KPIs and aligning the same

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