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Solution overview

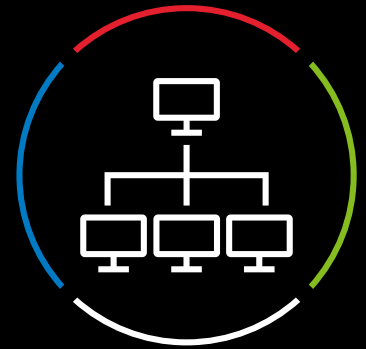
# OneSumX for Integrated Risk and Finance

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Risk, finance and compliance professionals in financial institutions need full access to comprehensive business information in order to effectively manage their day-to-day roles. An integrated risk and finance platform, adjustable to meet regulatory or organizational changes and growth, is an ideal model for a bank's architecture.



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## *OneSumX<sup>®</sup> for Integrated Risk and Finance: An integrated risk and finance platform, adjustable to meet regulatory or organizational changes and growth is an ideal model for a bank's architecture.*

The traditional boundaries between the risk and finance departments, in conjunction with constraints from outdated technology mean that siloed architectures are still very common within financial institutions. However, there are clear signs that the organizational borders between risk and finance departments are fading. Encouraged by demand from regulators and management for more, faster and better-quality information, together with technological advancements and 'big data' capabilities, these obstacles can now be overcome.

The path to achieve full integration is complex but the results are rewarding. Using the OneSumX suite of solutions, Wolters Kluwer can help financial institutions develop a strategic plan to achieve a single shared and trusted platform to support risk, finance and performance needs.

### **Move away from the silo approach**

Historical investments in systems to support organic growth, and the integration of 'external' systems acquired through merger and acquisition activity, have resulted in many institutions owning a labyrinth of interconnected systems that is hard to maintain and control. The silo-based setup has many pain points; the main one being the large number of interfaces and cumbersome reconciliation efforts required to operate such an environment. A further hurdle is the loading and transforming data repeatedly resulting in inconsistent and incomparable data.

Combined with loss of details due to aggregation of data in the interface, this typically results in 'black box' architectures where the answer to an auditor's or regulator's question requires access to multiple systems and help from the IT department.

### **Traditional boundaries are disappearing**

Regulatory changes, such as Basel III and Dodd-Frank are requiring more input from finance to compute measures like the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR).

The IFRS 9 accounting standards highlight another example of a regulatory change where financial institutions benefit from the use of common data, processes, and calculations. Under certain conditions, for instance, assessments of credit deterioration can be made using input from existing credit scoring systems.

*There are many challenges that need to be overcome in order to achieve the goal of full integration. Beyond addressing organizational complexity, implementation of the right technology and the architectural design of the system are also crucial.*





### Central data management

The data management layer that is at the foundation of OneSumX for Finance, Risk & Reporting is uniquely tailored to the finance industry. It includes a rich, business-focused data model, allowing different departments to store granular business information with meaningful results specific to the unit. Common information is not duplicated but re-used and when information is sourced from a wide range of source systems, the reconciliation and enrichment tools put it together to create an aggregated view, delivering a single and trusted source of information.

It is important to note that while the finance and risk departments share common concepts and information, some key differences can be found between the two. For instance, what is categorized as 'equity' in the finance department following IFRS is different from what is allowed to be used as Tier 1 Capital under Basel requirements. Also, when talking

about expected credit losses under the IFRS 9 rules, there is a clear difference in time horizon for the probability of default. OneSumX allows reconciliation and explanation of these key differences.

### Shared engines and analytics

Although such a central data layer is an important first step, a truly integrated risk and finance platform requires more. To support this, financial institutions using the OneSumX solution suite can leverage existing investment in high performance calculation engines such as Cash Flow Engine, PD & LGD calculators, Fair Value Calculators, forecasting and simulation engines. This simplifies the overall architecture and lowers the total cost of ownership (TCO) by removing redundant or superfluous software.

OneSumX contains dedicated rules-based engines that allow financial institutions to take ownership of the different processes within the system.

*By using actual performance data and taking assumptions on changing market conditions, financial projections and forecasts can be made to support strategic business decisions.*





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Examples of such customizable rules-based engines are found in our reconciliation, validation, classification, and accounting generation engines. These come with version control, auto-documentation, and drill-back capabilities, enabling a truly open and flexible architecture.

**Best of breed and interlinked risk, finance and performance management features**

The modular approach we take allows users to cherry-pick between a wide range of advanced features in the risk, finance, and performance management domain. In the area of finance, OneSumX for Integrated Risk and Finance delivers functionalities such as advanced subledger, amortized cost and impairment calculations, and fully compliant IFRS accounting rules. Our risk solution covers areas like capital calculation, CVA, wrong-way risk, counter-party credit risk, liquidity ratios, liquidity risk, leverage ratio, reporting and disclosure, and stress testing requirements. The performance framework contains tools for measuring and managing profitability, funds transfer pricing and cost allocation.

By using actual performance data and assumptions on changing market conditions, financial projections and forecasts can be made to support strategic business decisions.

Cross feeds between the different individual risk-finance-performance elements link these components to one another, enabling financial institutions to use more risk-adjusted performance measures such as Risk-Adjusted Return on Capital (RAROC), resulting in improved and more responsive business decision support.

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## Related products

### **OneSumX for Finance**

A comprehensive suite that offers robust technology to address IFRS and U.S. GAAP accounting for financial instruments. It also helps with consolidation and control, as well as reconciliation capabilities.

### **OneSumX for Regulatory Reporting**

Delivered as SaaS, on the cloud or on-premise, OneSumX for Regulatory Reporting covers various types of reporting, including Financial (e.g. FINREP), Prudential (e.g. COREP, BCAR), Transactional (e.g. MiFID II), Statistical (e.g. Economic & Financial Statistics), Granular (e.g. AnaCredit) and Multi-dimensional (e.g. Smart Cubes).





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## A complete solution for finance, risk and reporting

Wolters Kluwer provides a complete end-to-end solution for all risk, finance, and performance needs. OneSumX for Finance, Risk & Reporting is centered on a business-oriented data layer that promotes efficiency, improves data quality, and enables our customers to take advantage of the commonalities that exist between risk, financial data and calculations. OneSumX removes the barriers between the departments by supporting a common and shared language, references and tools, resulting in greater transparency and trust.

A significant reduction in architectural complexity and TCO can be achieved by reducing the number of interfaces, enrichments, and reconciliation efforts, while shared simulations and analytics enable better decision making and increased reactivity.

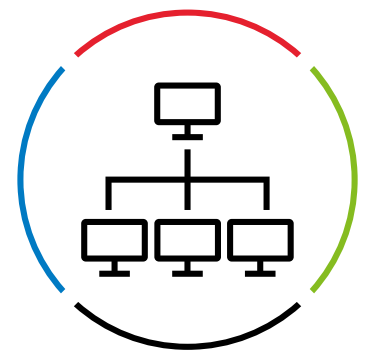
Having a 'single version of the truth' enables our clients to better respond to the continuous pressure and complexity of new and updated regulations. For many institutions across the globe Wolters Kluwer is a trusted partner

for their regulatory reporting solution needs (including support for nearly 50 jurisdictions). Our Regulatory Update Service (RUS) gives our customers access to unrivalled global reach and the expertise needed to remain up-to-date and in compliance with these regulations.



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*Successful integration of finance and risk will guarantee a uniform flow of information, enhancing the value these functions deliver. By leveraging the strengths of both domains, this integration empowers management decisions and offers a comprehensive understanding of mutual impacts.*



### About Wolters Kluwer

Wolters Kluwer (EURONEXT: WKL) is a global leader in information, software solutions and services for professionals in healthcare; tax and accounting; financial and corporate compliance; legal and regulatory; corporate performance and ESG. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with technology and services.

Wolters Kluwer reported 2023 annual revenues of €5.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 21,400 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

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Learn more about the OneSumX for Finance, Risk and Regulatory Reporting solutions. [Click here.](#)

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