



FINANCIAL RISK  
GROUP

# CECL SOLUTION FOR SMALL TO MEDIUM FINANCIAL INSTITUTIONS

CECL is challenging financial institutions (FI's) of all types to meet its complex expectations and timelines. The CECL process is almost entirely new, and many FI's do not have an existing technology platform to leverage (or the expertise in-house required) to effectively prepare for this one-of-a-kind requirement. This is especially true for small and medium FI's where the price and complexity of solutions is an additional road block.

SAS and FRG have partnered to remove these barriers and provide a world-class technology solution.

## Key benefits:

- **A technology solution improves efficiencies, decreases person-hours, and increases trust in your data.** Traditional spreadsheets are error prone, with analysis and reporting taking too much of your team's focus. A technology solution reduces errors and gives you the trust you need in your CECL preparations. With less time required to analyze and report on your data, your team can focus on their core roles and your organization's business.
- **More than just CECL.** CECL for Small to Medium FI's will ensure you are prepared for the new accounting standards. But it also brings additional benefits you can leverage across your organization. This powerful SAS solution provides a platform for data analysis that will address ongoing business needs like compliance with existing—and future—regulations.
- **Select the modules and expertise required, as required.** License only what you need, adding new functionality as you grow. Gain access to a team of experienced professionals who can fill any of your needs as they arise, and only for as long as they are needed. SAS and FRG can assist with implementation, training, data management, disclosure reporting, hosting, or to provide a "cold eyes", neutral review of workflows that will support your continuous process improvement and efficiencies.

*SAS and FRG have  
partnered to bring you a  
world-class CECL solution.*

## A Turn-key Approach to CECL Implementation

Having the ability to manage the following functional components is critical to building a flexible platform that can manage and change as your needs do:

- Scenario Management
- Input Data Mapping and Registry
- Configuration Management
- Model Management
- Loss Methodology Mapping

## Turn-key Modules and Services

The CECL Solution for Small to Medium FI's lets you choose the technology components and services you need, adding on more as your unique needs change. These include:

### *Discounted Cash Flow (DCF) Loss Methodology Module*

This option is for financial institutions with limited history but that have sufficient data for discounting cash flows. Up to four segments can be defined and, if needed, one pre-payment model can be calibrated.

### *Vintage Analysis Loss Methodology Module*

This option is ideal for financial institutions that would like to incorporate impacts of macroeconomic variables in their loss determination but may not have data sufficient for loss component modeling. Up to four segments will have vintages curves created in addition

to identifying macroeconomic variables that impact the losses for those segments.

### *A La Carte Modules*

This option is best suited for financial institutions that have diversity of data and also want to have different loss methodology approaches for different segments. FI's have at their disposal the ability to pick from different loss methodology approaches (e.g. DCF, Vintage Analysis, or Loss Component).

### *Data Management Services*

To ensure the best results from your technology investment, it's important that your data be clean (e.g., missing values have been treated, all necessary variables are present) or model-ready format (e.g., business rules have been consistently applied). A data assessment option is available for FI's needing to determine the status of data.

### *Disclosure Reporting Services*

For those FI's that desire disclosure reporting capabilities, SAS and FRG can provide the process and data mapping services to enable disclosure reporting.

## Ready to learn more?

Contact us at 919.439.3759 for information, including pricing.

**About FRG:** FRG is a risk management consulting firm based in Cary, NC, dedicated to helping clients around the world maximize the effectiveness and value of their investments in risk management technology, methodology, and processes. FRG provides clients with unique technology offerings, implementation services, business advisory services, and thought leadership across the risk management spectrum.

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