

## World Bank hunts for new risk system

THE World Bank is out shopping for a Microsoft Windows NT-based risk management system to assess market risk exposures across its Washington D.C.-based treasury department.

World Bank's procurement and contract management division issued a request-for-proposal (RFP) for its planned risk system on October 3. It will continue to receive responses until November 13, according to a bank statement.

The RFP calls for a system that can group together different areas of World Bank's treasury portfolio and measure market risks on an aggregate basis.

---

### **The new risk system will give the bank a 'more systematic way of looking at risk across the board'**

---

The bank is looking for a risk system that will provide its treasury with a common set of tools to monitor and control market risks its liquid asset and loan portfolios. This system will also be used for overall asset/liability management.

#### • Making life easier

Officials at World Bank decline to comment on their RFP or the nature of their future risk management plans.

However, a source at the bank

says World Bank is looking at enhancing its risk management procedures. At the same time, it will consolidate those it currently has in place.

"We have a lot of calculations that are done in different areas," says the source. "The idea is to have one system that can integrate all of these - which will make life a little bit easier."

The source says World Bank's risk is currently managed by an assortment of in-house developed and vendor-supplied systems, but declines to give further details.

---

### **'The plan is to integrate what we have, plus incorporate value-at-risk concepts'**

---

"The plan is to integrate what we have, plus incorporate value-at-risk concepts," says the source. "Rather than developing these ourselves from scratch, we will go outside for them."

World Bank initially considered developing an in-house risk management solution before deciding it would "clearly be better to go outside," says another source at the bank.

#### • Change of strategy

This source adds that the systems upgrade is part of more general change in World Bank's risk management strategy.

"In terms of drawing our risks together, this system will be very helpful as a reporting, management and monitoring tool," says the second source.

The precise nature of World Bank's new risk management

strategy and operations has yet to be determined by management.

However, the planned risk system will give the bank "a more systematic way of looking at risk across the board and incorporating all types of risk management," says this source.

#### • Modern trends

Both sources agree World Bank doesn't plan to be at the cutting edge of risk management.

"What we are trying to do here is to move a little more in line with modern trends," says the first source.

In particular, World Bank hopes to combine risk management of its investment portfolio with analysis of mismatches between its loans and its funding.

Any system must examine both these sets of risks to allow World Bank to produce overall daily value-at-risk numbers, says the first source.

#### • RFP advert

According to an advertisement promoting the RFP, the bank requires its new risk system to be based on its "standard hardware and software configurations."

---

### **'What we are trying to do here is to move a little more in line with modern trends'**

---

In particular, World Bank is insisting on "client/server-based open systems software." The client software must run under Windows NT, while the server can be based on NT or Unix. ■