
Real-Time Examples for Each Actor

1. Compliance Analyst

- **Scenario:** RBI issues a new reporting requirement for suspicious transactions.
 - **Action:** The Compliance Analyst logs into RegReportX, runs validation checks on transaction data, and finds 50 flagged anomalies. They investigate whether these are genuine suspicious activities or false positives before approving the report for submission.
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2. Risk Analyst

- **Scenario:** Basel III requires updated capital adequacy ratios after a sudden market downturn.
 - **Action:** The Risk Analyst uses RegReportX to calculate risk-weighted assets. They notice that exposure to a particular sector has increased, which could affect liquidity buffers. They prepare a risk note for senior management and ensure the ratios meet regulatory thresholds.
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3. Reporting Officer

- **Scenario:** Monthly liquidity coverage ratio (LCR) report is due to MAS (Monetary Authority of Singapore).
 - **Action:** The Reporting Officer generates the LCR report in RegReportX, reviews the compliance checks, and submits it electronically through the system's filing workflow. They confirm receipt from MAS and archive the submission for audit purposes.
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4. Operations Officer

- **Scenario:** A capital adequacy report submitted to FCA is rejected due to a reconciliation mismatch.
 - **Action:** The Operations Officer investigates the mismatch, corrects the data in RegReportX, and resubmits the corrected report. They also document the correction in the audit trail to show regulators the resolution process.
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5. RegTech Admin

- **Scenario:** FFIEC introduces a new template for large exposure reporting.
 - **Action:** The RegTech Admin updates RegReportX with the new template, adjusts reporting rules, and sets the filing frequency. They also configure user permissions so only Reporting Officers can submit the new report, while Analysts can only validate data.
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Think of it like this:

- **Compliance Analyst** = detective ensuring rules are followed.
 - **Risk Analyst** = strategist checking financial health.
 - **Reporting Officer** = messenger delivering reports to regulators.
 - **Operations Officer** = fixer handling errors and resubmissions.
 - **RegTech Admin** = architect keeping the system aligned with evolving regulations.
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The **Capital Adequacy Ratio (CAR)** is a key measure used by regulators to assess the financial strength of banks.

Meaning of Capital Adequacy Ratio

- It shows how much capital a bank has compared to its **risk-weighted assets (RWA)**.
- Formula:

$$CAR = \frac{\text{Tier 1 Capital} + \text{Tier 2 Capital}}{\text{Risk-Weighted Assets}}$$

- **Tier 1 Capital** = core equity capital (shareholders' funds, retained earnings).
 - **Tier 2 Capital** = supplementary capital (subordinated debt, hybrid instruments).
 - **Risk-Weighted Assets** = loans and investments adjusted for risk (e.g., lending to government = low risk, lending to individuals = high risk).
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Purpose

- Ensures banks have enough capital to absorb potential losses.
 - Protects depositors and maintains financial stability.
 - Prevents insolvency during crises.
 - Used by regulators under **Basel Accords (Basel II/III/IV)** to set minimum capital requirements.
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Real-Time Example

- In India, the **RBI requires banks to maintain a minimum CAR of 9%**, and public sector banks often need 12%.
- Suppose a bank has ₹100 crore in Tier 1 + Tier 2 capital and ₹1,000 crore in risk-weighted assets:

$$CAR = \frac{100}{1000} = 10\%$$

This means the bank is above the RBI's minimum requirement and considered financially stable.

In simple terms: **CAR tells regulators how strong a bank's “safety cushion” is against risks.**

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The **Liquidity Coverage Ratio (LCR)** is a regulatory standard introduced under the Basel III framework, and the **Monetary Authority of Singapore (MAS)** enforces it through **MAS Notice 649**.

Liquidity Coverage Ratio (LCR)

- **Definition:** LCR ensures that banks hold enough **High-Quality Liquid Assets (HQLA)** to survive a 30-day stress scenario of severe liquidity outflows.
- **Formula:**

$$LCR = \frac{\text{Stock of High-Quality Liquid Assets (HQLA)}}{\text{Total Net Cash Outflows over 30 days}} \times 100\%$$

- **Requirement:** Banks must maintain an LCR of **at least 100%**, meaning they should have liquid assets equal to or greater than expected net outflows in a stress period.

MAS and LCR

- MAS enforces LCR through **MAS Notice 649**, which sets rules for banks in Singapore.
- Banks must maintain sufficient liquid assets such as cash, central bank reserves, and highly rated government securities.
- MAS requires banks to disclose their LCR levels regularly and report shortfalls immediately.

Real-Time Example

- A Singapore bank faces heavy withdrawals during market stress.
- If expected net outflows over 30 days = SGD 5 billion, the bank must hold at least SGD 5 billion in HQLA (e.g., Singapore Government Securities, cash at MAS).
- If the bank holds SGD 6 billion in HQLA:

$$LCR = \frac{6}{5} \times 100 = 120\%$$

This means the bank is compliant and has a strong liquidity buffer.

In short:

- **LCR** = short-term liquidity safeguard.
 - **MAS** = regulator ensuring Singapore banks can withstand sudden cash outflows.
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Real-Time Example

- Suppose an Indian bank has **₹10,000 crore eligible capital base**.
 - It can lend up to **₹2,000 crore** to a single corporate borrower.
 - If that borrower is part of a connected group, the total exposure to the group cannot exceed **₹2,500 crore**.
- If the bank exceeds these limits, it must reduce exposure or face regulatory penalties.

In short:

- **FFIEC (U.S.)**: Focuses on country exposure and concentration risk reporting.
 - **RBI (India)**: Uses LEF to cap exposures to single borrowers or groups, ensuring banks don't become over-dependent on one client or sector.
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Technical Detail

Regulators In India:

RBI: Requires banks to maintain a **Capital Adequacy Ratio (CAR)** of at least 9% to ensure financial stability.

SEBI: If a company manipulates stock prices, SEBI can investigate and penalize it.

IRDAI: Ensures insurance companies have enough reserves to pay claims.

PFRDA: Monitors pension fund managers to safeguard retirement savings.

NABARD: Provides refinancing to rural banks for agricultural loans.

Breakdown of the **actors (users) and their roles** in the RegReportX system:

Actor Roles in RegReportX

1. Compliance Analyst

- Reviews regulatory data for accuracy and completeness.
- Performs validation checks against compliance rules.
- Handles exceptions and anomalies flagged during reporting.
- Ensures filings meet supervisory authority requirements.

2. Risk Analyst

- Focuses on risk-related metrics such as capital adequacy, liquidity ratios, and large exposures.
- Reviews calculations for risk-weighted assets under Basel II/III/IV frameworks.
- Provides insights into systemic risk and institution-specific vulnerabilities.
- Supports stress testing and scenario analysis.

3. Reporting Officer

- Generates official regulatory reports (balance sheet, liquidity, transaction filings, etc.).
- Submits validated reports to supervisory authorities (e.g., RBI, MAS, FCA).
- Ensures timely filing according to mandated schedules.
- Acts as the primary liaison between the institution and regulators.

4. Operations Officer

- Manages reconciliations between internal records and regulatory submissions.
- Corrects errors and prepares resubmissions when filings are rejected or flagged.
- Oversees operational workflows for reporting cycles.
- Ensures smooth end-to-end reporting processes.

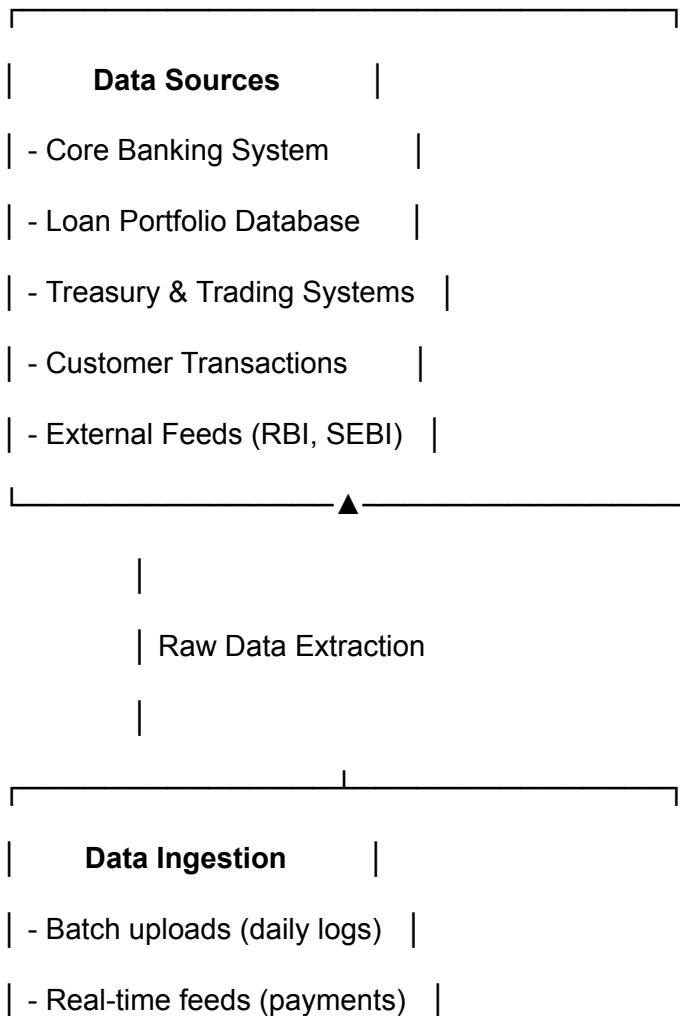
5. RegTech Admin

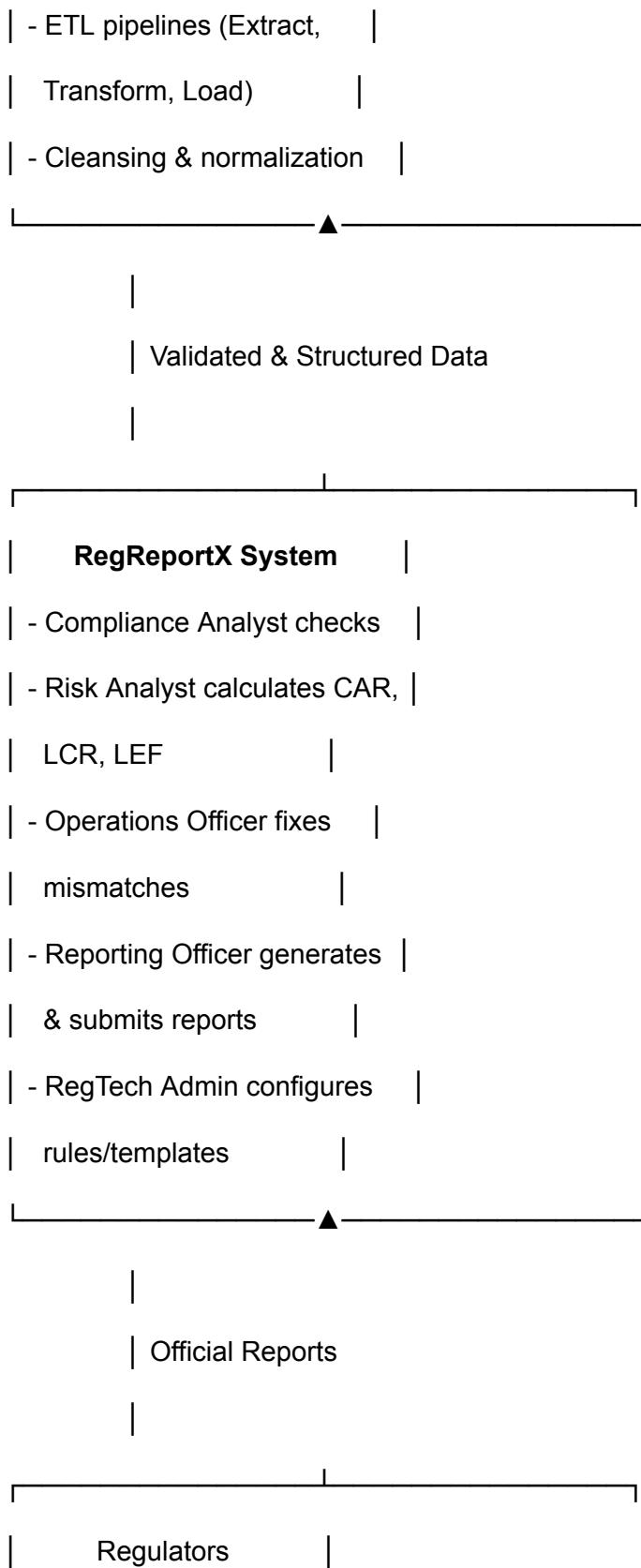
- Configures system rules, templates, and reporting frequencies.

- Manages user access controls and permissions.
 - Updates compliance frameworks as regulations evolve.
 - Maintains audit trails and system integrity.
 - Provides technical and regulatory configuration support.
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In short:

- **Compliance Analyst** = accuracy & exceptions
- **Risk Analyst** = risk & capital focus
- **Reporting Officer** = report generation & submission
- **Operations Officer** = reconciliation & corrections
- **RegTech Admin** = system configuration & governance





Key Takeaways

- **Data Source** = Where information originates (systems, databases, external feeds).
- **Data Ingestion** = The pipeline that moves, cleans, and structures data into RegReportX.
- **RegReportX** = The hub where different actors (analysts, officers, admin) validate, process, and submit reports.
- **Regulators** = Final destination for compliance filings (RBI, SEBI, IRDAI, etc.).