

Prophet Financial Services Library – fund-level calculations for ALM models

The Prophet Financial Services Library allows for modeling of different product types, reserving features and tax. Embedded values can be calculated with this library.

Product types:

- Unit trusts / mutual funds
- Mortgages
- Credit cards
- Term deposits
- Bank accounts

Key features

Specific features for mortgages

- Allows for fixed, variable and interest-only loans
- Models transfers between fixed and variable loans
- Can allow for extra repayments or redraws
- Takes into account the impact of offset accounts
- Mortgage insurance can be modeled

Specific features for unit trusts / mutual funds

- Sales and redemptions are explicit
- Explicit fee and expense variables
- Existing and future new sales are explicit
- Models different asset classes
- The effect of margin squeeze can be modeled

Specific features for credit cards

- All common fees and charges
- Purchases and cash advances explicit
- Overseas and point of sale transactions
- Interest-free periods
- Varying card repayment patterns
- Different types of credit cards
- Introductory interest rates
- Models extras such as reward schemes, card protection, payment protection and purchase protection

Specific features for term deposits

- All common fees and charges
- Varying interest rate structures
- Different frequencies to credit interest
- Interest payments to another account

Specific features for bank accounts

- All common fees and charges by type and frequency of transaction
- Regular monthly deposits and withdrawals
- Lump sum deposits and withdrawals
- Different frequencies to credit interest
- Bonus interest payments

Calculation and reporting features

- Ability to explicitly forecast sales, redemptions, fees, expenses and profits
- Calculation of discounted cash flows at a customer, product and company level
- Ability to report on statistics such as the number of accounts and account balances

Benefits

The Financial Services Library allows for retail financial products sold by financial institutions to be priced, projected and valued. The library has great flexibility and the products can run stochastically and linked to an index of bank base rates. Mortgages prepayment rates can be customised to use either in house or third party prepayment models. The library contains a wealth of standard features and is extremely flexible and allows easy customisation for any company specific features.

Summary

The Financial Services Library provides a comprehensive, extensive, easily customisable purpose-built actuarial library for pricing and projection of financial services products.

About SunGard's Prophet solution

SunGard's Prophet solution is a leading enterprise-wide actuarial modeling system that helps insurance and financial services companies meet reporting responsibilities, improve risk management, and develop more profitable products faster. Prophet uses customizable actuarial libraries for all major product types, including regional variations. It provides the transparency, performance and control required by today's actuaries and risk managers through integrated financial modeling and data management capabilities. Prophet is used by more than 9,000 users at over 730 customer sites in more than 65 countries.

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