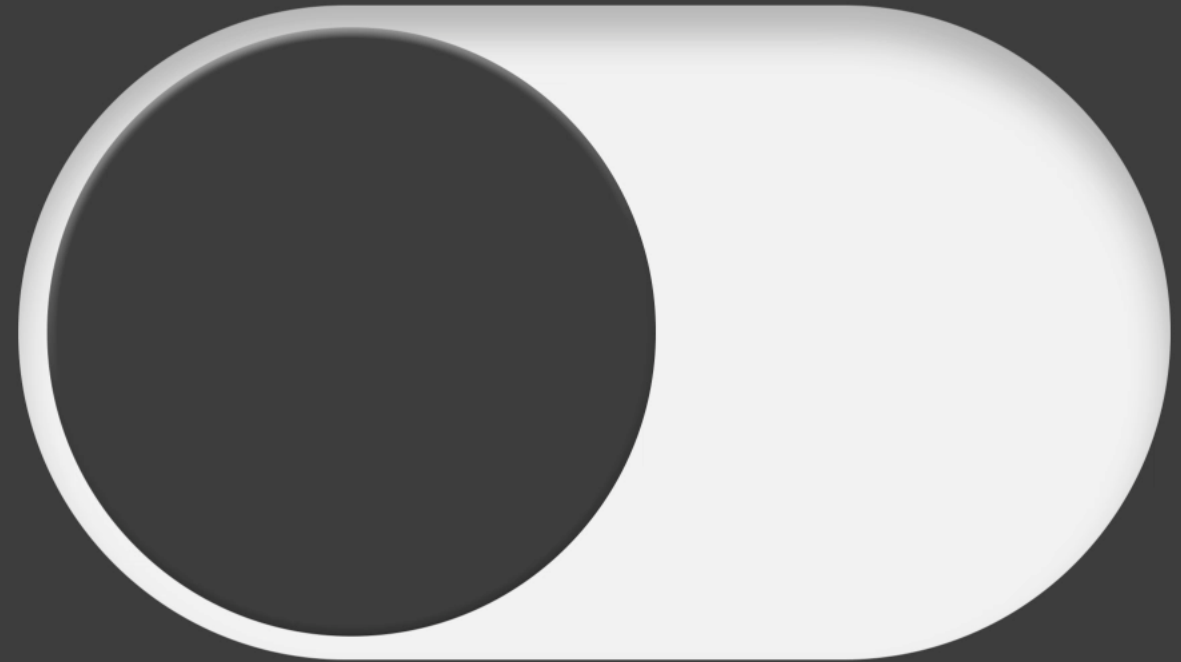


**Don't get left in
the dark when
LIBOR is
switched off**

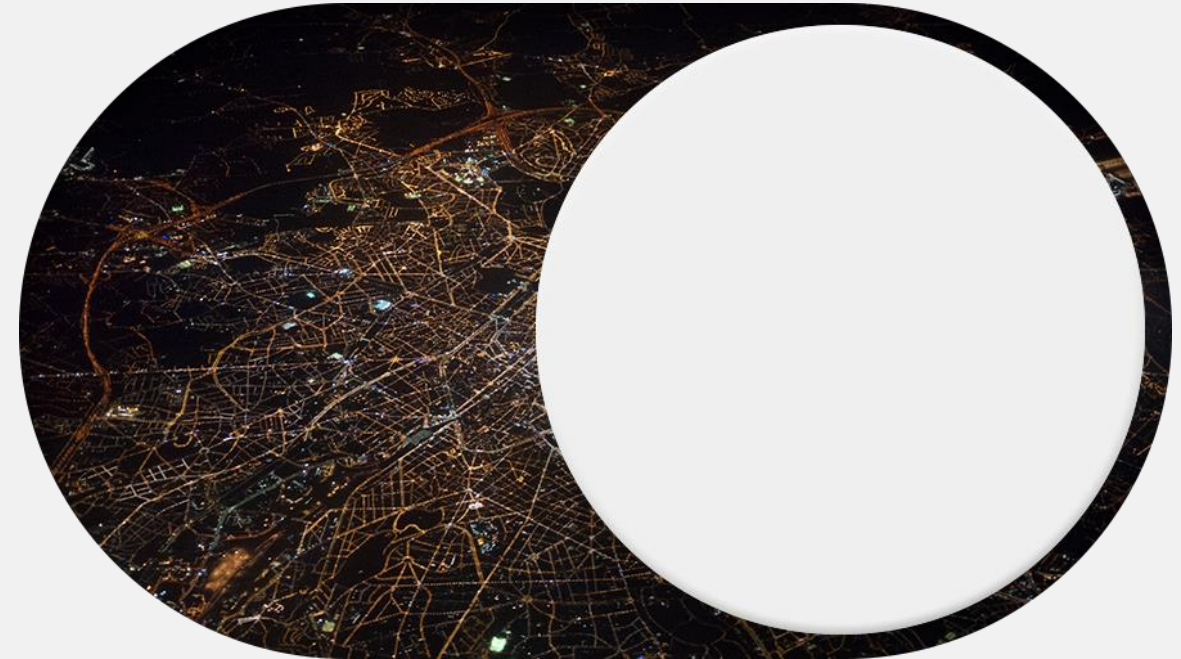
LIBOR END-TO-END TESTING POV

January 2021



Agenda

- **Importance of End-to-End LIBOR Testing**
- **End-to-End LIBOR Testing Focus and Outcomes**
- **End-to-End LIBOR Testing**
- **End-to-End LIBOR Testing Framework**
- **End-to-End LIBOR Testing Mobilization**
- **How We Can Help**



IMPORTANCE OF END-TO-END LIBOR TESTING

As LIBOR cessation approaches, it is critical for industry participants to test their End-to-End operational readiness to manage the changing Alternative Reference Rate adoption environment during the complex LIBOR transition



The ICE Benchmark Administration (IBA) extension of the LIBOR transition deadline to the end of June 2023 adds complexity to transition management and illustrates the importance of End-to-End testing to manage ongoing uncertainty in the rate market

Validate Operational Readiness and E2E Integration

Test ability of the functions and lines of business to integrate and reduce operational risk during transition (Systems, Process, People)



Test Preparedness for Market Uncertainty

Validate the capabilities available to manage the uncertainty around rate replacement timing and client behaviors during negotiation



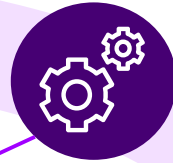
Reduce Operational Risk and Confirm Readiness

Manage End-to-End large-scale changes to process, data, business, and technology and test ability to manage transition and new BAU



Prepare for Client Readiness and Varying Client Requests

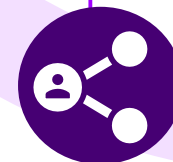
Prepare for varying client readiness and client needs for product fallback and issuance during an evolving ARR environment subject to additional changes



Manage Complexity of Running a Dual Rate Environment

At the end of 12 – 18 months firms would need to facilitate the ability to manage a dual rate environment to:

- 1) Manage complexities of risk and portfolio management for dual rates
- 2) Run systems and models in parallel for extended period
- 3) Perform product issuance and legacy product wind down
- 4) Manage changes in pricing and rate options



Meet Post-LIBOR Product and Financial Objectives

Confirm implemented End-to-End changes and design produce the firm's objectives for: Product Strategy, Expected P&L, Capital Management, Client Relations



END-TO-END LIBOR TESTING FOCUS AND OUTCOMES

End-to-End Testing focuses on added complexities of an evolving rate environment and firm's ability to address ongoing changes during transition



End-to-End Testing Focus

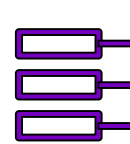
Agile Response to Market and Client Scenarios Test flexibility of processes and architecture to respond to market events and client scenarios	✓
Dual Rate Environment Preparedness Test End-to-End capabilities and scenarios for managing a dual rate environment for extended periods of time	✓
Portfolio Transition Management Capabilities Test tools to manage portfolio transition scenarios (New product issuance during LIBOR legacy wind down)	✓
Strength of Risk Management Verify strength of processes and control framework to deliver target outcome and limit operational and financial risk	✓
Evolving Operational Complexities Test capabilities to handle longer runway for LIBOR transition and added operational requirements from IBA announcements	✓



Business Outcomes



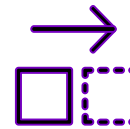
Verify preparedness for numerous rate change and client demand scenarios



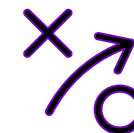
Remove uncertainty from downstream impacts



Identify unforeseen risks in E2E integration



Confirm transition readiness vs. new BAU

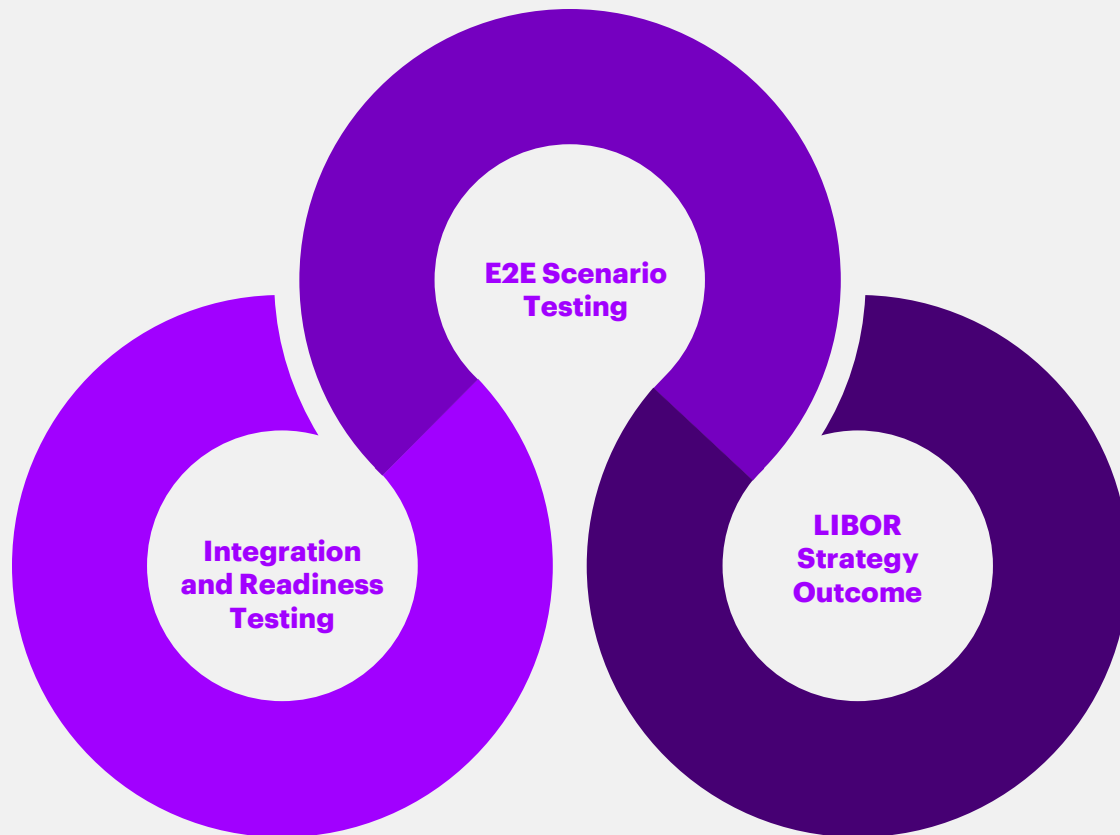


Support operational readiness for agile transition responses (client behavior scenarios, rate and pricing changes, market events)

END-TO-END LIBOR TESTING

End-to-End Testing takes a comprehensive front-to-back approach to validate design, secure successful outcomes required for all aspects (Product, Client Outreach, and Internal Readiness) and support a risk-managed transition to SOFR and other ARR

Accenture's Approach to End-to-End Testing for LIBOR Transition



1 Integration Readiness Through Testing

Test each component affected by LIBOR Transition (e.g., application, data integration point, process, model, interim point solutions). Confirm functional and technical requirements are satisfied. Test ability of functions to manage transition as well as new BAU

2 End-to-End Scenario Testing

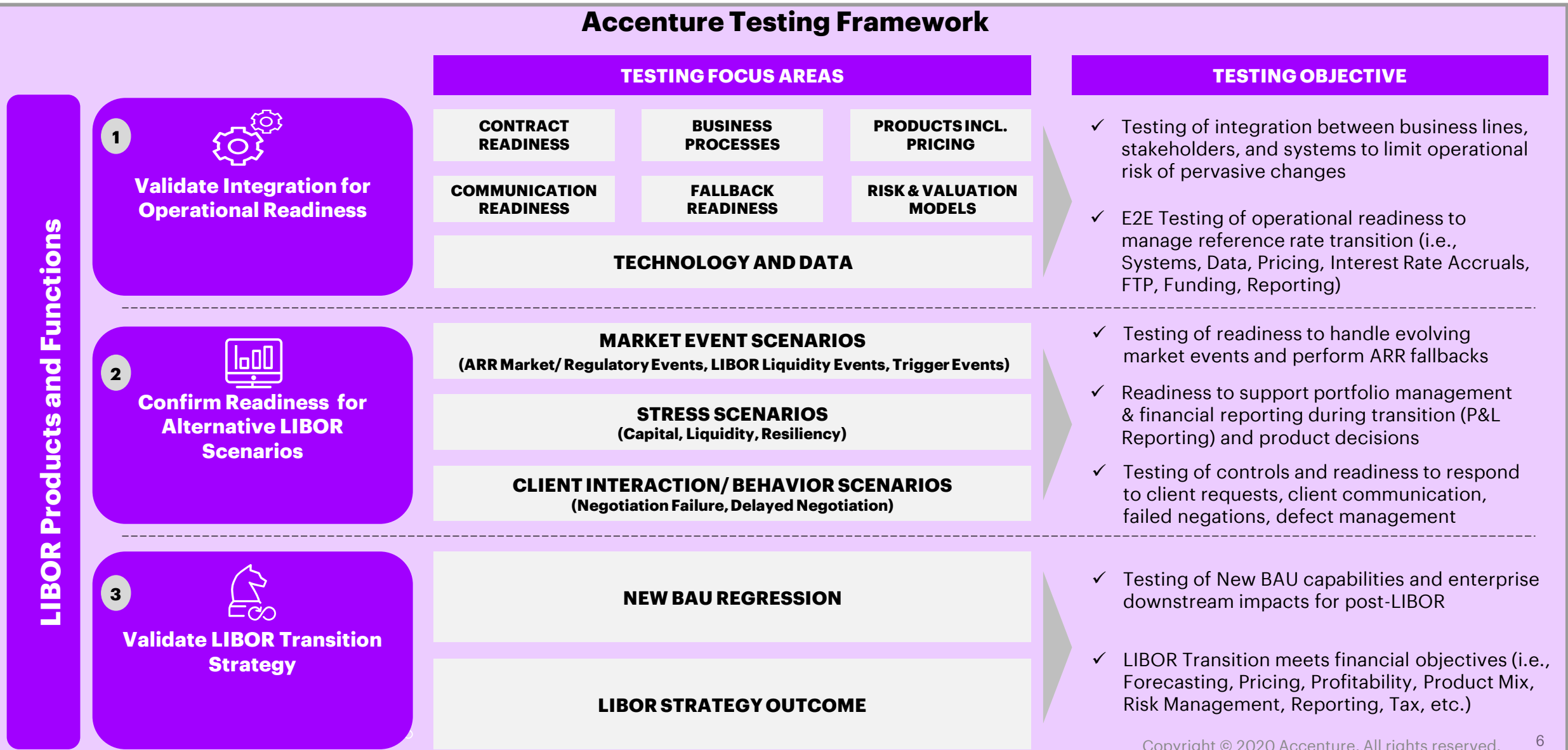
Run End-to-End scenarios to manage multitude of rate changes, regulatory announcements, and client demands to validate functions and End-to-End product readiness. Focus testing on new or interim solutions (e.g., compounding in arrears), use cases that would include external sharing of SOFR, new methodologies, cessation and pre cessation triggers, interim processes and controls

3 LIBOR Strategy Outcome

Test End-to-End impact on the New BAU and Customers. Facilitate the business in identifying and understanding risks across the new BAU by regression testing alternative reference rate pass through items and testing the integration of new SOFR functionality and timing/impact on business outcomes and transition risks

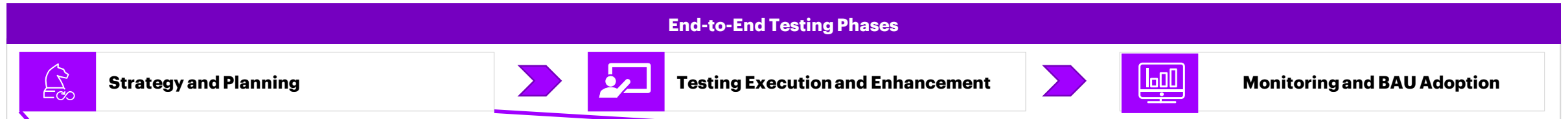
END-TO-END LIBOR TESTING FRAMEWORK

A LIBOR Testing Framework should encompass End-to-End Testing for operational readiness, ability to manage transition scenarios from market events, and post-LIBOR BAU readiness



END-TO-END LIBOR TESTING MOBILIZATION

Comprehensive End-to-End Testing begins with strategy and planning to prepare for test execution and monitoring the impacts of LIBOR transition



MOBILIZING STRATEGY & PLANNING



TESTING RESOURCE PLANNING

Understand peaks along testing lifecycle and how to cover resource demand



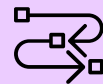
E2E PROCESS MAP AND USE CASES

Design critical E2E LIBOR process map and use cases to cover during testing



DATA DISCOVERY & DATA LINEAGE

Identify where relevant data resides and the lineage for managing E2E Testing



INTEGRATED TEST PLAN

Create test plan to align to product release timelines for Legacy and New products and transition objectives



TESTING GOVERNANCE

Define processes & methods for testing communication, monitoring, tracking, escalation



TESTING STRATEGY

Consolidate testing journey into a central document incl. solutions for test automation & acceleration

WHY ACCENTURE | OUR LIBOR CAPABILITIES

We have the depth and breadth of skills and experience to help successfully deliver every aspect of the LIBOR End-to-End Testing and assets to accelerate strategy and execution

accenture consulting

Finance, Risk & IBOR trained Professionals

Deep industry knowledge along with memberships in industry and regulatory bodies to bring leading capabilities and insights critical for an effective LIBOR transition.

accenture technology

Technology Transformation Professionals

Global team with a track record in large scale business and technology complex programs. Help clients assess and customise their technology stack to verify it can meet the technical challenges of LIBOR.

accenture operations

Operations Professionals

Operations professionals with experience executing large transformation and remediation projects and staff to execute complex programs.

E2E Testing & Assurance Specialists

Business and technology testing and assurance specialists who have extensive experience in preparing and executing comprehensive front-to-back testing of business results and operational readiness for LIBOR transition and new rate product usage.

Test Strategy Assets

Accenture's custom LIBOR Test Strategy assets are developed to test LIBOR specific challenges, regulatory impacts, and align best practices

Test Material Assets

Accenture's custom LIBOR test materials to shorten preparation time include LIBOR Transition scenarios, test cases & end-to-end processes flows

Test Execution Assets

Accenture brings LIBOR specific Test execution assets such Tracking/Monitoring Dashboard capabilities to manage test execution

ASSETS & ACCELERATORS

Accenture's assets reflect our pragmatic learnings from scaling LIBOR delivery and execution and would be used to seed and accelerate the project

Transition Office

LIBOR Industry Monitor uses AI to provide visualization and narrative of market insights, access historical trend about LIBOR/ ARR related products from ICE, DTCC etc.



Impact Assessment Framework & Toolkit to accelerate the impact analysis and roadmap development through a data-driven approach with dashboarding and reporting.

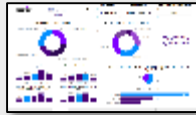


LIBOR Programme Management Toolkit preconfigured with LIBOR templates to manage requirements, dependencies and releases, enabling traceability in execution.



Transition Strategy

LIBOR Benchmarking Tool queries across industry and regions to measure LIBOR programs against peers. Tool can help answer key questions, uncover blind spots and provide directional guidance to assist transition strategy.



Exposure Dashboard to assist the reporting of LIBOR exposure; aligned with Contract/Client Dashboard to facilitate an integrated view of exposure by trades, product type, counterparty, contract remediation.



Technology Upgrade & Assurance

LIBOR Platforms Upgrade Factory offers clients both a shared or dedicated industrialized transformation across the end-to-end delivery lifecycle, leveraging purpose-built platform-approved assets (such as upgrade methodology, testing and monitoring toolkits) to accelerate delivery.



Quality Assurance Factory Model is a framework to delivery assurance services across lines of businesses, leveraging industry assets and best practices, supported by automated testing tooling that uses IBOR test cases and vendor test packs to execute all spectrum of testing.



Comms & Client Outreach

Communication & Training Toolkit is a framework with templates to define both internal and external communication plans and client outreach strategy for LIBOR transition, and also supports Sales or Relationship Manager trainings.



Core Platform Upgrade

Product LIBOR Core Processing Upgrade Methodology is Accenture's tried-and-tested framework that would accelerate impact assessment (processes, applications and databases) and implementation roadmap development.



Core Processing LIBOR Upgrade Factory Mobilise our Centre of Excellence to offer a robust application management service, including implementation, maintenance, and testing services



Contract Remediation

Contract Remediation & Client Outreach Suite includes end-to-end framework, workflow, playbook, tooling, managed service capabilities and legal outsourcing partnership to accelerate and scale the assessment, negotiation, and remediation of LIBOR contract risk. Toolset pre-built NLP and Machine Learning IBOR models for contract extraction. Includes LIBOR "Bots" & analytics dashboards to support client comms, email classification, data transfer and Auto Amendment creation.



E2E Testing

End to End LIBOR Testing Toolkit Includes LIBOR tailored testing accelerators for operational testing and market/ client scenarios to test transition management



Conduct Risk

LIBOR Conduct Risk Framework offers a template to accelerate the conduct risk assessment of an existing framework.



Key assets **End-to-End Testing**

ACCELERATORS – END-TO-END TESTING

Accenture has developed a full suite of tools and technologies to efficiently and effectively drive your organization's end-to-end testing needs. Here are some of examples.

Accenture Assets to Support Testing



E2E Testing Strategy Framework contains product readiness milestones, technology readiness requirements and testing strategies for financial, reporting, and fallback management readiness



E2E Model Process Flows for all relevant banking processes to assist coverage and identify key actors, hand-offs, and risks



LIBOR Transition Scenarios is a repository of transition scenarios, identification success requirements, and considerations for product and client strategies



LIBOR Readiness Methodology for assessing readiness of LIBOR transition including impact assessment framework and toolkit, industry benchmarking tool, readiness testing



Testing Factory & COE with dedicated on- and off-shore testing resources, automated testing tools, and analytics



LIBOR Transition Testing Governance Framework defines the roles and responsibilities, monitoring and reporting requirements, metrics, and governance reporting checklists



ARR Operational Readiness Checklist provides an industry-standard list of necessary capabilities required to transition effectively from LIBOR to an ARR



LIBOR-related Conduct Risk Drivers for inclusion in use cases

Contact Us

To learn more about LIBOR, visit our [LIBOR transition page](#) and reach out to us



Samantha Regan

Managing Director –
Global LIBOR Lead Regulatory
Compliance Practice Lead

samantha.regan@accenture.com



Venetia W. Woo

Principal Director –
Global LIBOR Lead Advisor
NA Regulatory Strategy Lead

venetia.w.woo@accenture.com



Michael Nagle

Manager –
LIBOR Testing Strategy SMA
Risk & Compliance

michael.j.nagle@accenture.com



Paul Olteanu

Senior Manager –
Data and Testing
Applied Intelligence

paul.olteanu@accenture.com

Accenture LIBOR Page

<https://www.accenture.com/us-en/services/financial-services/libor>

Accenture Finance & Risk Blogs

<https://financeandriskblog.accenture.com>

Accenture's 2019 LIBOR Survey

<https://www.accenture.com/us-en/insights/financial-services/libor-transition-survey>



About Accenture & Disclaimer

About Accenture

Accenture is a leading global professional services company, providing a broad range of services in strategy and consulting, interactive, technology and operations, with digital capabilities across all of these services. We combine unmatched experience and specialized capabilities across more than 40 industries – powered by the world’s largest network of Advanced Technology and Intelligent Operations centers. With 509,000+ people serving clients in more than 120 countries, Accenture brings continuous innovation to help clients improve their performance and create lasting value across their enterprises. Visit us at www.accenture.com

Disclaimer

This presentation is intended for general informational purposes only and does not take into account the reader’s specific circumstances and may not reflect the most current developments. Accenture disclaims, to the fullest extent permitted by applicable law, any and all liability for the accuracy and completeness of the information in this presentation and for any acts or omissions made based on such information. Accenture does not provide legal, regulatory, audit, or tax advice. Readers are responsible for obtaining such advice from their own legal counsel or other licensed professionals.