

FIRST

Large scale information extraction and integration
infrastructure for supporting financial decision making.

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Webstreams processing and other semantic technologies for Reputational Risk Measurement and Management in Banks

Giorgio Aprile: Group Head of Operational Risk and Pillar3 Reporting
Gruppo Montepaschi

The Montepaschi Banking Group

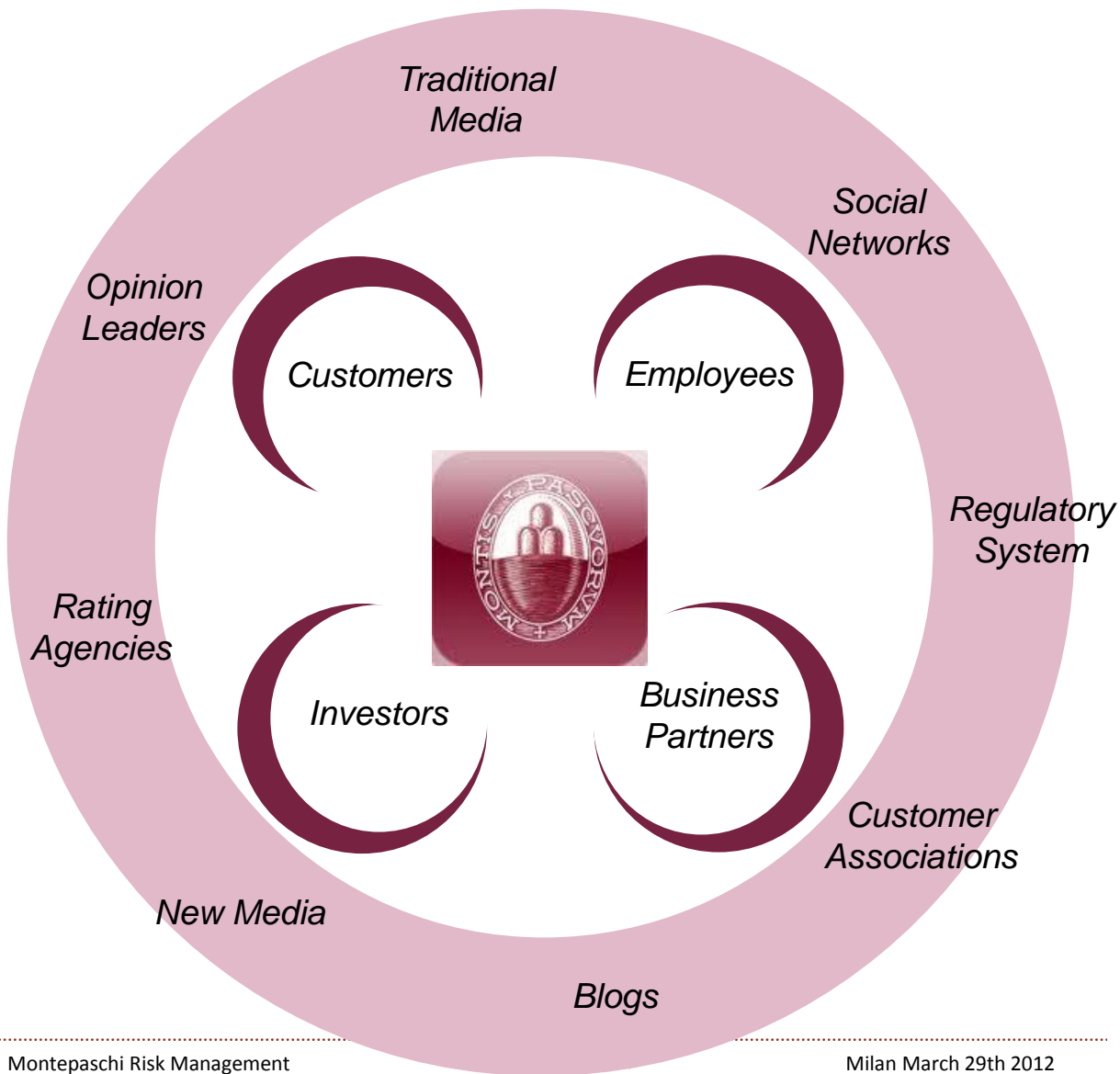
- Italy's third largest Banking Group, with about 30,000 employees and 3,000 branches in Italy.
- Serving over 6 million customers.
- 3 brands operating in Italy:
 - Banca Monte dei Paschi di Siena;
 - Banca Antonveneta;
 - Biverbanca.
- In business since 1472 with no interruptions, we pride ourselves in being the oldest bank in the world, yet maintaining strong inclination for product and service innovation...

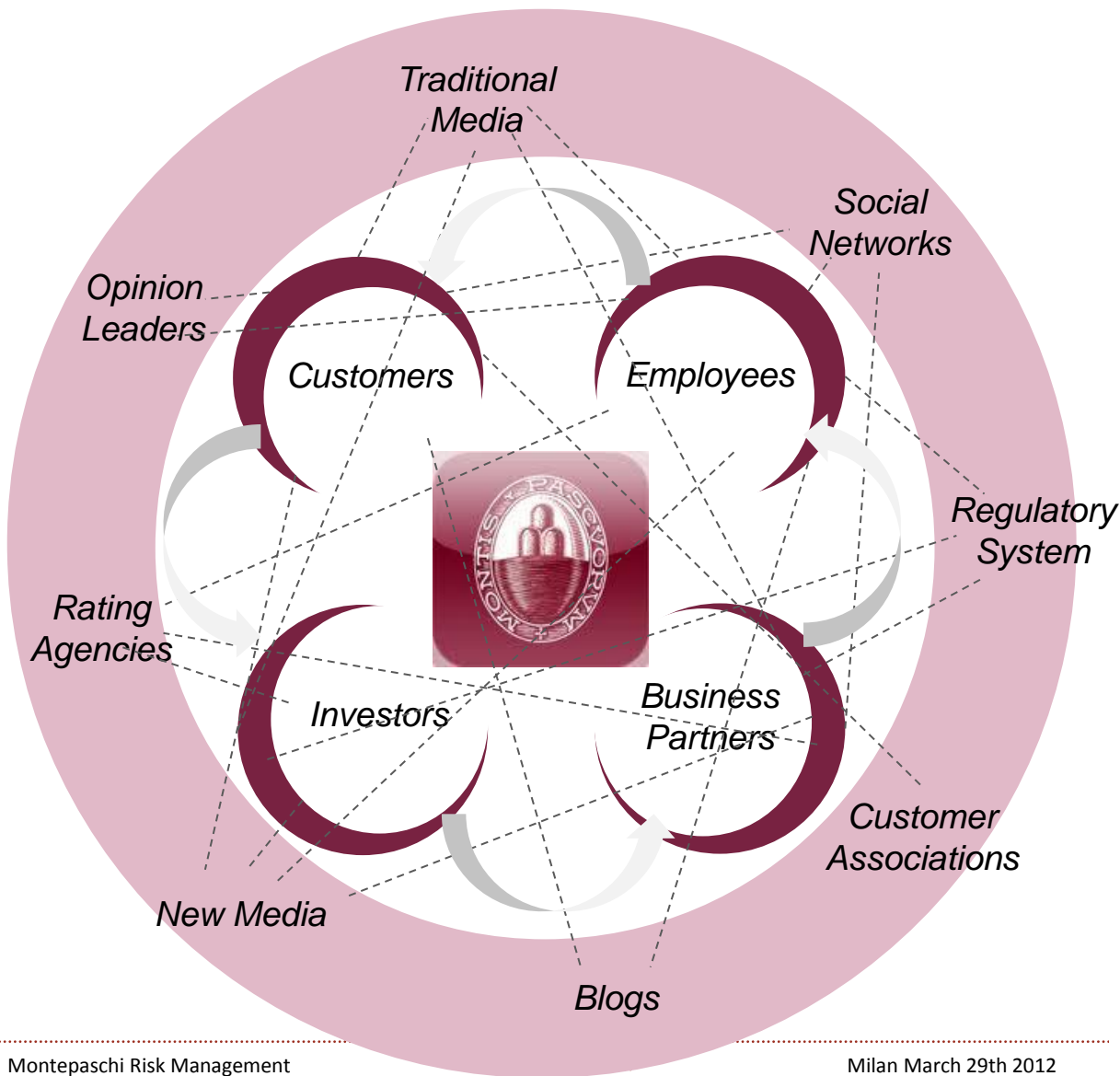


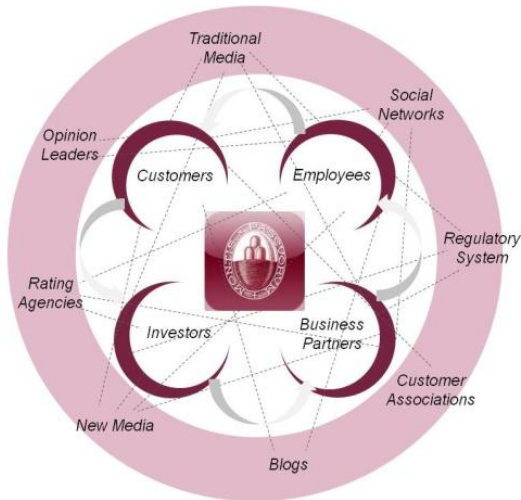
**MONTE
DEI PASCHI
DI SIENA**
BANCA DAL 1472



*The 'Rocca Salimbeni' building in Siena, Italy,
headquarters of Banca Monte dei Paschi di Siena S.p.A.*







- ✓ Reputation is a fundamental asset based on a wide network of relations
- ✓ This network represents a delicate ecosystem in which non material concepts like “trust”, “reliability”, “ethic” are exchanged daily between partners
- ✓ The advent of user-generated content & social media didn't change the essence of the relationship but accelerated in a dramatic way the speed of exchanges in the ecosystem network

“It takes twenty years to build a reputation and five minutes to destroy it” (Warren Buffet)



Goldman Sachs 666
@goldmansachs666
Info, Comments, Opinions and Facts About Goldman Sachs. This twitter site has NO affiliation with Goldman Sachs.
Yellow Brick Road

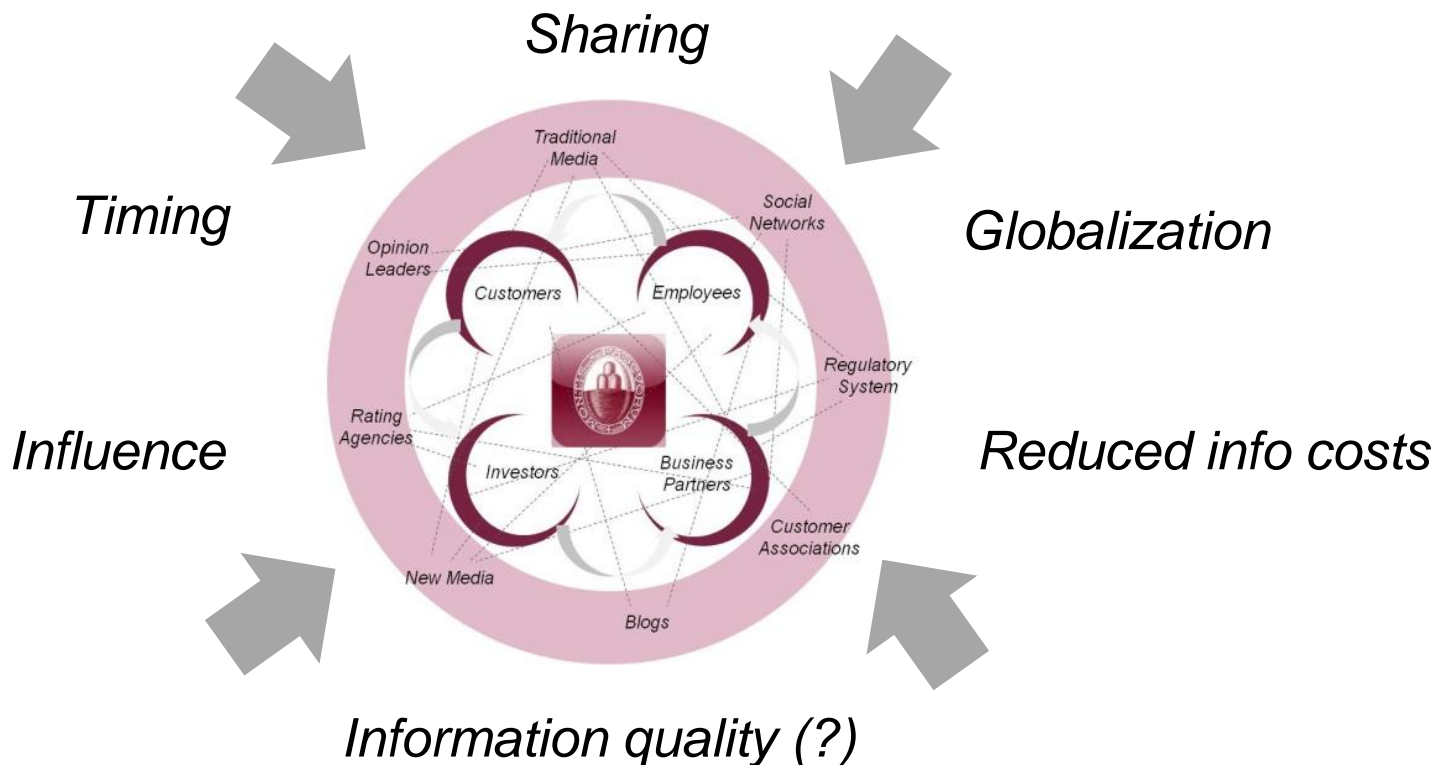
Goldman Sachs, dirigente lascia e accusa: «Banca senza morale, fa solo contro gli interessi dei clienti»
Finanza e Mercati > In primo piano
14 marzo 2012 Cronologia

Goldman Sacked: What Companies Can Learn From Goldman Sachs Exec NYT Resignation
Posted by Sheila Shayan on March 14, 2012 11:51 AM

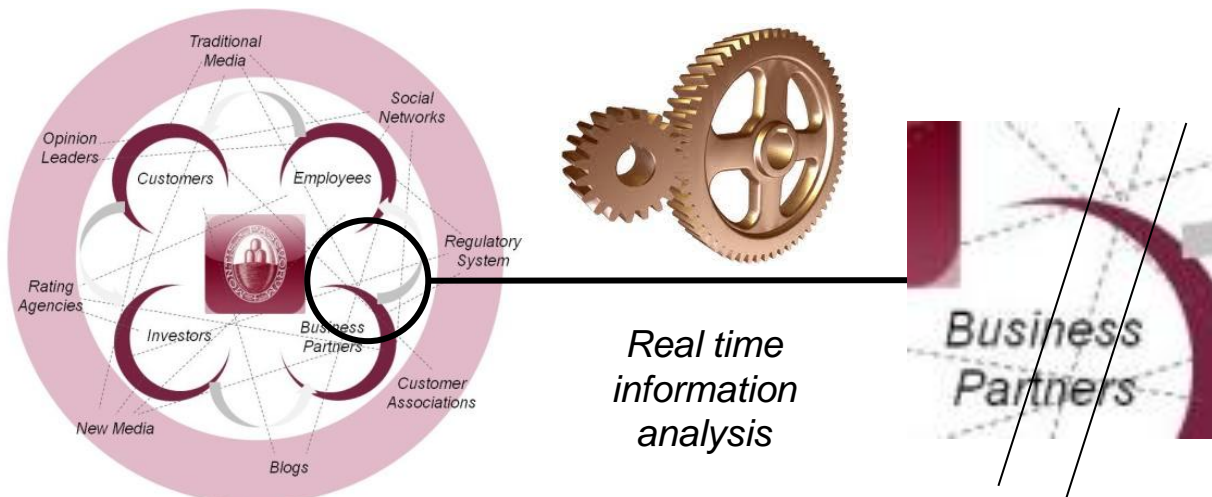
Why I am leaving the Empire, by Darth Vader
14-03-12
TODAY is my last day at the Empire.
After almost 12 years, first as a summer intern, then in the Death Star and now in London, I believe I have worked here long enough to understand the trajectory of its culture, its people and its massive, genocidal space machines. And I can honestly say that the environment now is as toxic and destructive as I have ever seen it.

Conference: Digital

The big change introduced by the Web for reputation management



✓ The reputation network faces a new challenge:
“Information overflow”



- ✓ Real time control of the reputation ecosystem requires new tools
- ✓ Analysis of electronic unstructured information by webstreams processing and semantic technologies could provide a powerful weapon for reputation monitoring and mitigation actions



- ✓ Reputation of a business partner could have a strong influence on the firm's reputation
- ✓ The Foxconn – Apple relationship and the news regarding bad working conditions in the Chinese factory are a typical example of how the internet has a role in people perception

HOME PAGE TODAY'S PAPER VIDEO MOST POPULAR TIMES TOPICS

The New York Times **Business Day**

WORLD U.S. N.Y. / REGION BUSINESS TECHNOLOGY SCIENCE HEALTH S


Search Global DealBook Market

CELEBRATING 125 YEARS OF WHAT'S NEW

THE ECONOMY
In China, Human Costs Are Built Into an iPad
By CHARLES DUHIGG and DAVID BARBOZA
Published: January 25, 2012

The explosion ripped through Building A5 on a Friday evening last May, an eruption of fire and noise that twisted metal pipes as if they were discarded straws.

[Enlarge This Image](#)



When workers in the cafeteria ran outside, they saw black smoke pouring from shattered windows. It came from the area where employees polished thousands of [iPad](#) cases a day.

Two people were killed immediately, and over a dozen others hurt. As the

Montepaschi Risk Management

DI SIENA
BANCA DAL 1472



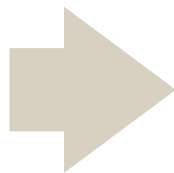
- ✓ Management, brokerage and advisory services are an important fee and commission income for the financial industry in times of minimum interest rate;
- ✓ The current crisis has dramatically changed the risk profile associated to the distribution of third-party services;



- Triple A rating;
- More than 100,000 Italian customers involved;
- More than 3 bln bond and index linked insurance contract sold by Italian banks;
- All the major Italian banks adopted protection schemes to refund their customers, paying high prices to avoid a potential reputation and operational risk.



The Aegean Contagion ...



- ✓ Concern about rising government deficits and debt levels across the globe together with a wave of downgrading of European government debt has created alarm in financial markets
- ✓ Fears of a sovereign debt crisis developed concerning some European nations, including European Union members Portugal, Ireland, Italy, Greece, Spain. This led to a crisis of confidence as well as the widening of bond yield spreads and risk insurance on credit default swaps

Use Case 2: Sentiment extraction and decision support system



*Information extraction
and sentiment analysis*

- ✓ 30 business partners monitored
- ✓ 100 different info sources monitored real time
- ✓ Extensive ontology developed for reputational risk



*Decision support
system for reputational
risk management*

- ✓ Montepaschi joined the project proposing the application of FIRST techniques to the monitoring of third parties sentiment on the web, social networks and blog
- ✓ The project goal is to develop decision support systems for reputational risk measurement and management, with a specific focus on the reputational risk associated with investment service

- ✓ How can the sale of a financial instrument trigger the bank's reputational risk?

Mismatching

Customer portfolio is not anymore in line with his/her risk investment profile!

Performance

The performance is not in line with customer expectations (absolute, benchmark..)

Counterpart Sentiment

News , social networks and media could effect the customer sentiment on a specific counterpart (and related investments)

Customer perception



Volumes

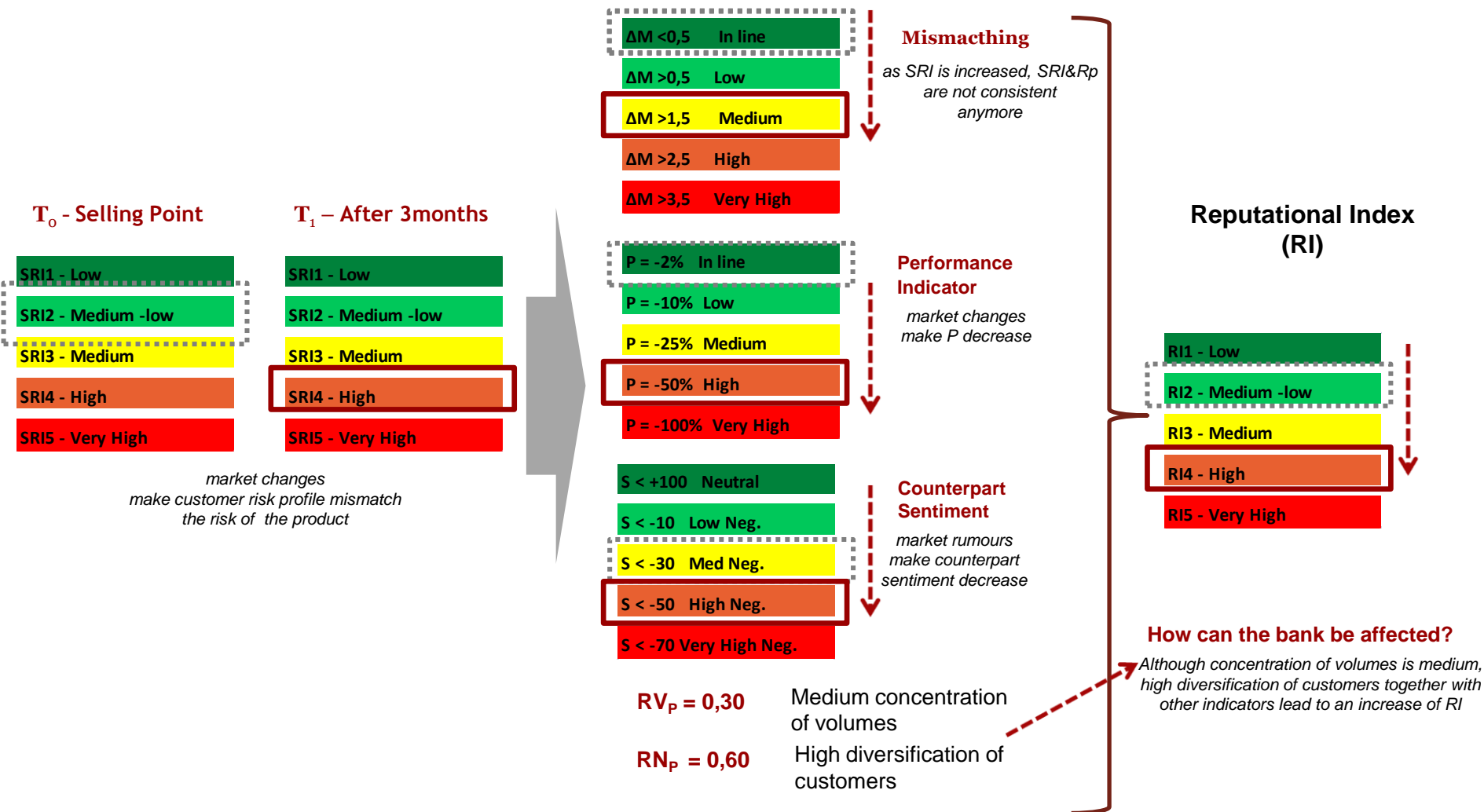
Are asset volumes sold to customers a big part of total assets?

Number of customers

Do a large number of customers hold the product?

Bank exposure

Use Case 2: The decision support system





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Acknowledgement

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Giorgio Aprile

Head of Operational Risk and Pillar 3 Reporting

Montepaschi Risk Management

giorgio.aprile@banca.mps.it