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Intellect Capital Cube NLP based Model for LIBOR Contract Analysis

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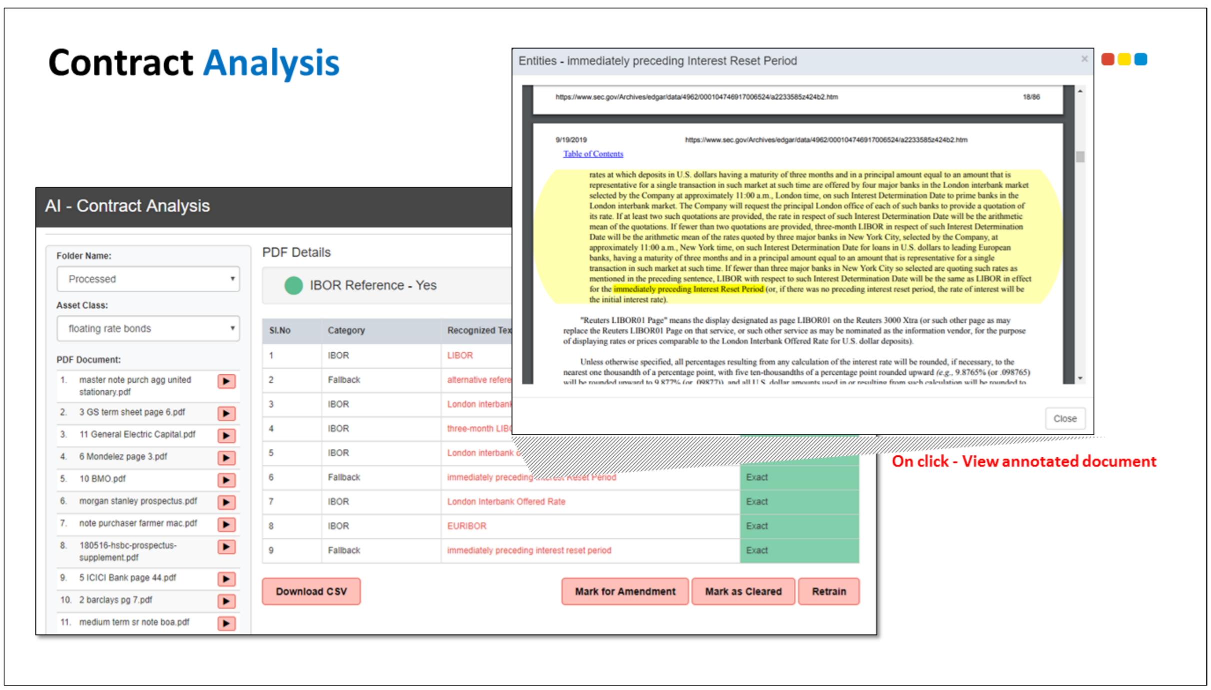
IBORs (LIBOR, EURIBOR etc.)which servethe key function of price signalling are set to be replaced by Alternative Reference Rates (ARR) by end of 2021. The well entrenched nature of IBORs –USD 200-300 Trillionin exposure- acrossLoans, Derivatives etc. complicates this transition process.This transition event not only exposes institutions to financial risks (differences between IBOR & ARR) but also to reputational, conduct and legal risks depending on the institution's approach to resolution.

A single bank may have hundreds of thousands of contracts which need scrutiny for IBOR fall-back. Machine Learning based solutions can automate ~70% of contract review tasks with a high level of confidence.

Through our NER model, we could facilitate evaluation of LIBOR contracts, therby simplifying the efforts required in identifying contracts which needs attention. A sample summary of a floating rate bond contract, using our model, is shown below:



Our NLP based solution helps Financial Institutions to:

1. automate ~70+% of contract review tasks
2. provides a dashboard of Libor specific terms identified for decision analysis
3. mitigate reputational and legal risks which may arise due to Libor Transition

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