



# Collateral Management Solution

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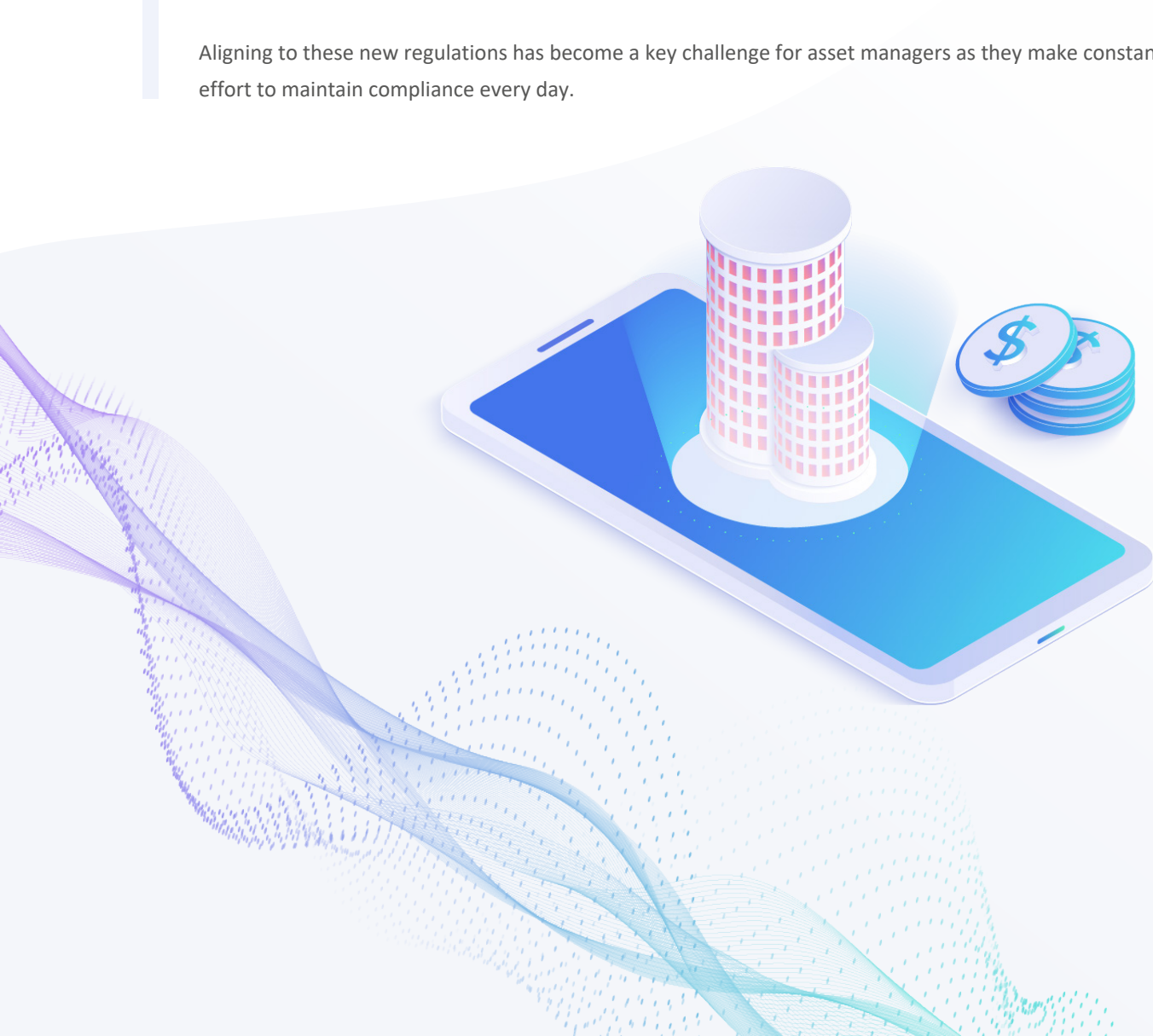
for **Global British Investment Bank**

Collateral management is an important process involving two parties which exchange assets in order to minimize credit risks associated with unsecured financial transactions. These counterparties can be banks, insurance companies, brokers-dealers, hedge funds, pension funds, or asset managers.

Ever since the financial crisis in the year 2008, there has been a drastic change in the perception of collateral management process. Preventive measures implemented by authorities brought in regulatory changes mandating the use of collateral for all market participants and penalizing all defaulters.

These new regulations have changed the traditional methods of managing collateral in a number of different ways, such as, monetary values, increased complexity, operational risks, liquidity risks, legal risks and cost impact.

Aligning to these new regulations has become a key challenge for asset managers as they make constant effort to maintain compliance every day.



# About Global British Investment Bank

Global British Investment Bank is a leading British multinational bank and financial services firm. Its diversified businesses include consumer banking, wealth management and payment operations around the world along with global corporate banking as well as investment banking and management services.

Global British Investment Bank operates in **40+ countries**, with **48 million customers** and clients using over **80 currencies**. Global British Investment Bank offers multi-asset structured solutions for derivatives, structured products and strategic investments under their Global Markets domain. Global British Investment Bank has been partnering with Intellimation.ai from time to time for its process automation and operational transformation needs. This has helped Global British Investment Bank make a real and lasting difference to the economic lives of their customers and communities.

## The Challenge

### Need for end-to-end process automation

As part of its core functions, Global British Investment Bank, like many other firms, was also impacted by increased margin activity, collateral demand and expected rise in margin calls by 5-10 folds. They were running manual checks to reconcile data and experiencing slowness in their processes. Process challenges also included error prone copy-pasting of email data into spreadsheets, compromised calculation accuracy due to complex calculation rules and risk of compliance defaults due to unstructured data.

Global British Investment Bank realized the need for high-level operational automation which could offer an efficient and accurate collateral process to reduce manual intervention and be better equipped for future changes. They envisioned an end-to-end system capable of connecting to their mailboxes and the exposure manager sending margin calls directly to their downstream system with minimal manual touchpoints.

# The Solution

## Intellimation.ai's AI-powered cognitive application

Global British Investment Bank' needs aligned with Intellimation.ai's cognitive process automation application '**Vector**' and its disruptive, radical features, which uses ML and NLP-based libraries to train on unique processes, with promised adeptness in automating business problems as well as competitive pricing.

Intellimation.ai integrated Vector across Global British Investment Bank' global mailboxes; equipped with functionalities to read manually curated client emails, extract margin calls, generate XML messages and send it to the exposure manager. Output produced thereof was leveraged to perform multiple financial analysis for numerous counterparties, reducing manual intervention and mitigating operational risks.



# Implementation

Intellimation.ai integrated Vector across Global British Investment Bank's global systems with an existing exposure to **2000+** counterparties and implemented the following functionalities for end-to-end process automation:

## 1. Trade Ingestion and Extraction Modules

Vector was connected to all the email inboxes which received trade emails at Global British Investment Bank across the globe. Already exposed to **2000+ variations**, Vector was able to ingest all formats of email attachments including PDF, RTF, HTML, CSV, XLSX received in unstructured form. Vector extracted and standardized the relevant data from unstructured sources and sent it to Exposure Manager as an XML message.

This enabled Global British Investment Bank to access consolidated data from multiple sources. This process was integrated to run round the clock, globally and the output thus produced could be leveraged by Global British Investment Bank' asset managers to perform multiple financial analysis.

## 2. NLP-based Data Standardization and Reconciliation

The extracted details, including margin call, interest rates, MTM, collateral held/posted, independent margin, trade date, currency were standardized leveraging Vector's extraction column fields which could be modified as per user requirements.

Intellimation.ai's NLP and ML driven, proprietary algorithms and data enrichment capabilities enabled automatic enhancement of extracted data from margin call emails which was fit for financial analysis and further processing. The standardized output was then synced with Global British Investment Bank' system and here the disputed/mismatched messages were promptly flagged and disputes were timely resolved by re-runs, manual checks and amendments.

### 3. Extended Messaging and Payments Support

Vector was integrated with the Exposure Manger to achieve STP which not only reduced manual email-based engagement but also enabled high quality interaction with teams including, providing significant details like sharing margin information, acknowledgement, reason of delay, waiting in the queue prompts and more.

Vector's multi-layered algorithms enabled Global British Investment Bank to easily derive accurate data as well as metrics and exchange them at an intra and inter-firm level along with generation of SWIFT payment instructions, with attached margin calls for its clients.



## Business Results

Intellimation.ai's Vector enabled a robust, STP collateral management process where Global British Investment Bank could handle **1500+ counterparties/funds** as part of the project with minimal human touchpoints and auto matching of margin calls functionality. Vector's functionalities not just reduced the risks of operational inefficiencies and chances of error but also mitigated reputational risks and penalties arising due to delayed dispute resolution.

Vector's 'scheduled' process runs ensured Global British Investment Bank does not have to face any more delays in margin call processing or dispute resolution procedures. End-to-end operations management and ML-backed solution reduced hours of validation process and made it simpler as well as efficient.

With the help of Intellimation.ai, Global British Investment Bank was able to achieve their vision of automated process management with higher data quality and enabled critical stakeholders/firms like, Asset Managers, Hedge Funds, Pension Funds, Insurers, Corporates, Buy-side Banks and Sell-side Institutions to leverage financial analysis and plan future investments.



# About Vector and its impact on businesses

Intellimation.ai's Vector acts as an end-to-end transformation platform with pre-built modules and is differentiated by its deep learning capabilities. Vector operates across 4 layers of data infrastructure integration - AI based domain service layer (AIDSL), Business process definition layer (BDL), Core deep learning model (CDLM), Data Syndication and orchestration (DSO) expanding into diverse financial services and businesses including Collateral Management, Structured Equity Deal review, Standard Settlement Instructions (SSI), Trade Allocations, Confirmations and many more.

Its NLP based product design has been trained for over **5 years** with rich libraries, **150+ products**, across asset classes and **2000+ counter parties** to develop contextual intelligence of investment banking domain and Middle Office transformation.

Intellimation.ai has been transforming global pioneers across investment banking and asset management industry. Live with **100+ implementations** and scalable, cost effective cognitive fintech solutions, it strives towards becoming the cushion for firms responding to a disruptive market.

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Impact