

Case Study #2

Reducing Funding Costs through Better Utilization of Securities

A large international bank chose ActiveViam's Atoti technology for inventory consolidation and optimization as part of a global initiative to implement a firm-wide collateral optimization process. This initiative aimed to achieve efficiency gains and diversify the bank's operations into the clearing broker business. Collateral margining had largely been cash-based and managed within product silos. Given the significant increase in margin call requirements due to new regulations, the bank sought a framework to better utilize their idle securities across the balance sheet.

Key objectives included aligning collateral management silos across product areas to realize efficiency gains and meeting functional requirements while leveraging existing legacy systems. Atoti was selected to automatically identify eligible fixed-income assets to cover initial and margin calls. By integrating multiple data inputs, including the bank's inventory, client inventory, legal agreements, and market data, Atoti provides comprehensive visibility over both the bank's and clients' inventories. This enables the computation of the "cheapest to deliver" basket of assets for each margin call.

As a result, the bank significantly reduces its cost of funding. ActiveViam's non-intrusive technology seamlessly integrates with underlying systems, allowing the bank to leverage existing legacy applications, thus controlling costs and achieving rapid time-to-market. The real-time visibility into the collateral portfolio provided by Atoti also enhances the bank's ability to offer proprietary, value-added clearing services to clients.

By providing cutting-edge collateral services, the bank continues to offer valuable services to existing clients, attract new clients, and increase revenues.