LUXOFT
Engineering Business Performance

CASE STUDY

Liquidity Management and Analysis System

Client

A top ten global investment bank

Business Area

Investment banking liquidity risk management

Asset Classes

Equities, fixed income, loans, equity derivatives, FI derivatives

Technology Set

Oracle, Oracle BI, PL/SQL, Core Java, JMS, Spring, Hibernate, Jasper, Tomcat, WebLogic, Messaging, KSH Scripts, Control M Jobs, SharePoint, QlikView, iRise

Integration

Oracle, Ad-hoc Integration

User Profile

Treasury, Liquidity Risk Operations

Geography

Worldwide (US, UK, Europe, Asia Pacific, Latin America, South Africa)

Relationships Status

Ongoing ODC, T&M

Services Provided

Business analysis, Development, QA/Testing, Production support

Team Size

20+ team members

Duration

3+ years development and ongoing maintenance

Summary

Develop a system to monitor, analyze, and report liquidity risk for use by the bank's Treasury and Liquidity Risk Operations departments.

Business Challenge

Increased regulatory requirements that followed the global financial crisis compelled the bank to seek a new solution for liquidity management. They wanted a flexible, scalable system that would measure and analyze the end-of-day liquidity position in a way that complied with Basel II regulatory requirements and that supported proactive liquidity management by ensuring bank's ability to meet obligations on time without incurring unacceptable losses.

Luxoft Delivered Solution

The bank began the software development internally with support from an offshore vendor. As the system's complexity and size hit critical levels, the bank looked for a new partner to complete system development and delivery. Luxoft was selected as the bank's new software development partner and the project moved from India to the Ukraine.

Luxoft successfully delivered the system on time and within the budget, providing the bank with the following key business functions:

- Management of short-term liquidity gaps against existing limits
- Management of overnight funding exposure
- Scenario Analysis
- Collateral Management
- Maintaining liquidity reserve in the form of liquid assets
- Internal and Regulatory Reporting
- Analysis of liquidity risk drivers (ratings, regional crises, insecure funding, insufficient collateral, etc.) for stress testing

The Liquidity Measurement and Analysis system performs the critical tasks of extracting and cleansing data from upstream systems, modeling and generating cash flows, running stress test scenarios, and publishing liquidity risk data for end users

and downstream systems. It manages over 70 data feeds and generates over 100 reports and is optimized with data quality and performance enhancements.

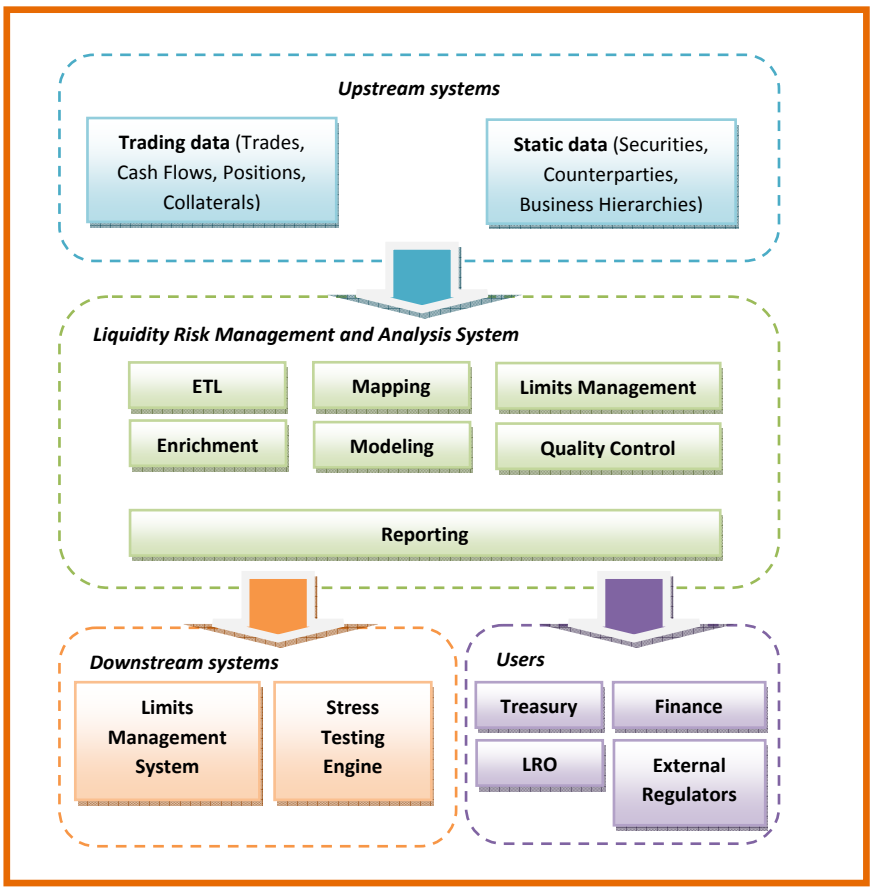

Figure 1: Liquidity Measurement and Analysis System

Benefits

With Luxoft's technical expertise and advanced business domain knowledge, the client realized the following benefits:

- Increased financial flexibility by monitoring changes that require strategic adjustments
- More efficient distribution of investments through accurate, end-of-day liquidity positioning
- Reduced operational and management costs by fully automating the data input and output
- Increased visibility to, and thereby the control of, the cash flow
- Improved decision-making and minimized risks with an enterprise-wide solution
- Provided more rigorous risk management for the Treasury and Liquidity Risk Operations departments
- Provided full compliance to Basel II reporting requirements

Customer Feedback

Detailed feedback is available upon request.