

Top 5 Derivatives Trading Bank Achieves Single Source of Truth



This Bank's highly respected derivatives team is responsible for over one-third of the world's total derivatives trades. Their derivatives practice has a global footprint with teams that support credit, interest rate, and equity derivatives in every region of the world. The Bank has earned numerous industry awards and is recognized for its product innovations.

Summary

Customer

One of the World's Top Derivatives Trading Banks

Industry

Derivatives Trading

Challenge

Fallible and time consuming risk management due to duplicated, redundant, incomplete, and inconsistent data

Customer Use Case

Derivatives risk management

Benefits

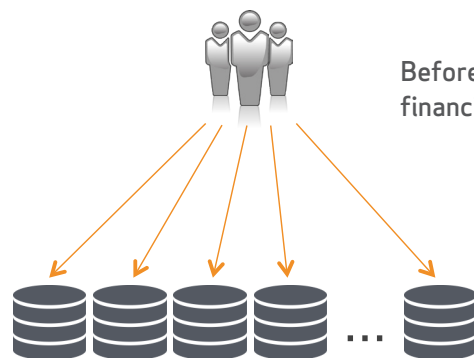
Real-time risk monitoring, analyses, and actions; cost effective management of market and counterparty credit exposures

Highlights

- Top 5 derivatives trading bank selected MarkLogic as its derivatives trade store
- Alerting feature keeps users apprised of up to the minute market and counterparty credit changes so they can take appropriate actions
- Derivatives are stored and traded in a single MarkLogic system requiring no downtime for maintenance, a significant competitive advantage
- Complex changes can be made in hours versus days, weeks, and even months needed by competitors
- Replacing Oracle and Sybase significantly reduced operations costs: 1 system versus 20, 1 database administrator instead of up to 10, and lower costs per trade

Challenge

With its significant derivatives exposure the Bank's management recognized the importance of having a real-time global view of its positions. The existing system, based on a relational database, was comprised of multiple installations around the world. The legacy system was not fast enough to respond to growing requirements. It was unable to deliver real-time alerts to manage market and counterparty credit positions in the desired timeframe.



Before MarkLogic, it was difficult to identify financial exposure across many systems

Separate copies of derivatives trade store

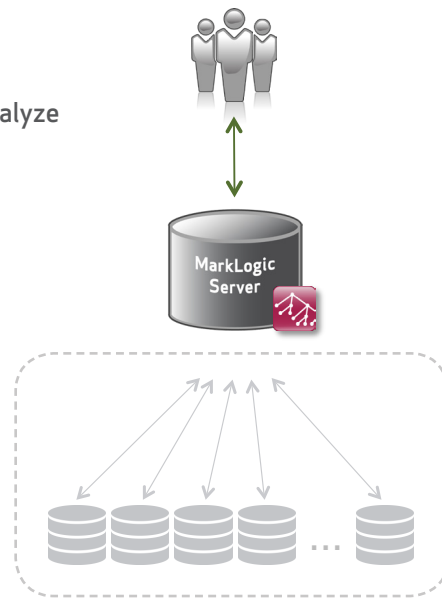
Solution

The Bank built a derivatives trade store based on MarkLogic Server replacing the incumbent technologies. Replacing the 20 disparate batch-processing servers with a single operational trade store enables the Bank to know its market and credit counterparty positions in real-time, providing the ability to act quickly to mitigate risk. The accuracy and completeness of the data allows the Bank and its regulators to confidently rely on the metrics and stress test results it reports.

The selection process included upgrading existing Oracle and Sybase technology. Meeting all the new regulatory requirements was also a major factor in the decision as the Bank looked to maximize its investment. After the Bank's careful investigation the choice was clear – only MarkLogic could meet both needs plus provide better performance, scalability, faster development for future requirements and implementation, and a much lower total cost of ownership (TCO).

After MarkLogic, it was possible to analyze all contracts in single database

MarkLogic Server eliminates the need for 20 database copies



Next Steps

The successful implementation and performance of the new system resulted in the Bank's examination of other areas where it could extract more value from its data - structured, unstructured, and/or poly-structured. Two applications are under active discussion. Its equity research business sees an opportunity to significantly boost revenue with a platform that provides real-time research, repurposing, and content delivery. The Bank also sees the power of centralizing customer data to improve onboarding, increase cross-sell opportunities, and support Know Your Customer requirements.

Conclusion

MarkLogic was selected because existing, as well as alternative systems would not provide the subsecond updating and analysis response times needed to effectively manage a derivatives trade book that represents nearly one-third of the global market. Trade data is now aggregated accurately across the Bank's entire derivatives portfolio allowing risk management stakeholders to know the true enterprise risk profile, to conduct predictive analyses using accurate data, and to adopt a forward-looking approach. Not only are hundreds of thousands of dollars of technology costs saved each year, but the Bank does not need to add resources to meet regulators' escalating demands for more transparency and stress-testing frequency.

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