



Case Study: Capital Markets

Digital RPA makes the difference for a global insurer

Automating trade updates from the institution's derivatives trading platform simplifies reporting, saves time and eliminates human error in reconciling complex trade bookings.

Today's large financial institutions manage massive capital flows and enormous numbers of transactions, tracked by systems that feed into the company's books and records. But what happens when different trade-tracking systems don't interoperate? When information in one is not automatically translated into another?

The result is that "people become the middleware": transfers of essential transaction records are performed literally by hand. It's costly, laborious and prone to human error. It presents an opportunity to implement robotic process automation (RPA) for efficiency gains and improved accuracy.

At a Glance

Cognizant used robotic process automation to help a leading global insurer automate how it tracks, reconciles and reports complex derivatives trades between its systems.

- Newly streamlined workflows for booking \$100+ million in complex derivatives trades daily.
- 40% increase in efficiency through time-savings in back-office validation and recording.
- 100% accuracy in recording validated futures contracts since implementing digital assistant.

RPA brings efficiency gains and improved accuracy

Intelligent robotic process automation massively reduces time spent recording thousands of iterative transactions.

Hands off the handwork

Cognizant recently was asked by a long-time client—one of the world’s largest insurance companies—to help it address an issue with recording and reporting trades between disparate systems.

The trading platform used by the company’s derivatives traders was not integrated with its global enterprise platform for tracking bond and equity trades. Correspondingly, management lacked a “golden source”—a single source of truth for viewing settled balances in the company’s books and records.

The number of individual trades was not massive, but the size of each trade was significant—with contracts running to more than \$100 million daily. Moreover, the company’s arrangements with counterparties to trades meant that reconciliations and reporting had to be faultless—and timely.

Individual derivatives trades needed to be reconciled on a daily basis, with middle-office personnel intently tracking derivatives trades during the day on spreadsheets. They then created parallel transactions by hand in a test version of the company’s enterprise system so that management could compile accurate reports. Performed daily, contract by derivatives contract, the process was not only laborious but introduced the risk of human error and took excessive time.

Trading up to digital

Our scope was to automate booking of trades made by each broker daily from our client’s derivatives trading platform to its enterprise system. Using Blue Prism, we designed and developed a virtual assistant to run a batch process after the close of trading every day. This virtual assistant pulled XML data from the derivatives trading platform and converted it to .CSV files. These, in turn, feed a Microsoft Excel-based roll-up report on all executed and validated contracts into corresponding simulated transactions in the test environment of the organization’s enterprise trade recording software.

This allowed management to pull reliable reports. Our client now benefits from a faultlessly accurate view of the carried value of all settled futures contracts, currency swaps, and various types of fixed and floating interest-rate swaps in the enterprise system that supports its books and records.

Creating digital dexterity

Virtually every global financial institution managing large capital reserves and trading in the capital markets has overlap in its trade recording systems and must duplicate information in separate applications. All need to assure their counterparties that contracts are accurately executed and settled; all must track and report settled balances daily.

The extent to which companies rely on individual middle- and back-office clerical staff to record trades correlates directly to outlays for personnel time. Furthermore, manual tracking results in incorrect bookings that in turn can flow to the organization’s balance sheet.

RPA allows for a massive reduction in the turnaround time (TAT) spent on recording these types of transactions between systems. Cognizant's solution for this insurer trimmed TAT in recording derivatives trades—from brokers entering into a futures contract, validating the contracts and conveying information to middle-office personnel to in turn recording and validating the trades and then making back-office entries into the company's enterprise trade-tracking system—by more than 60%. Manual data processing is eliminated, and reconciliation and settlement reports are available daily. Our virtual assistant handles more than \$100 million daily in the wide range of derivatives trades that our client executes, and our RPA solution has a 100% accuracy rate in recording them.

Learn more

For more information on our digital solutions to improve brokerage operations, from trade recording to settlement, from billing to tax reporting, visit <https://www.cognizant.com/cognizant-digital-operations/industry-platform-solutions/capital-markets>.

About Cognizant

Cognizant (Nasdaq-100: CTSH) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 193 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at www.cognizant.com or follow us @Cognizant.

Cognizant

World Headquarters

500 Frank W. Burr Blvd.
Teaneck, NJ 07666 USA
Phone: +1 201 801 0233
Fax: +1 201 801 0243
Toll Free: +1 888 937 3277

European Headquarters

1 Kingdom Street
Paddington Central
London W2 6BD England
Phone: +44 (0) 20 7297 7600
Fax: +44 (0) 20 7121 0102

India Operations Headquarters

#5/535 Old Mahabalipuram Road
Okkiyam Pettai, Thoraipakkam
Chennai, 600 096 India
Phone: +91 (0) 44 4209 6000
Fax: +91 (0) 44 4209 6060

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