

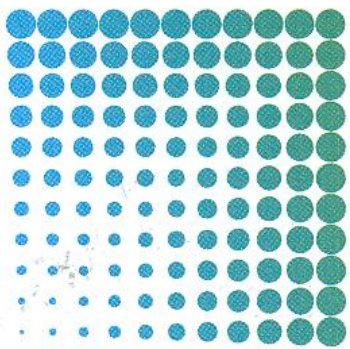
# The Banker

GLOBAL FINANCIAL INTELLIGENCE SINCE 1926

August 2016

TECHNOLOGY PROJECTS OF THE YEAR | 2016

AWARDS



## The Banker

# TECHNOLOGY

## PROJECTS OF THE YEAR 2016

THE THIRD EDITION OF *THE BANKER'S TECHNOLOGY PROJECTS OF THE YEAR* has seen the awards go from strength to strength. Congratulations to all of this year's winners – the competition was tough.

The winning projects were chosen regardless of their size; instead the focus was more on their innovative and transformative nature within their specific bank, business or country. Many of the concepts are not new per se, but the way in which the technology was applied in each case is. The winners come from across the globe, including Turkey, South Africa and China.

The 2016 results prove beyond a shadow of a doubt that tech spend is back on banks' agendas. In response to competition arising from the nimble financial technology (fintech) start-up community, incumbents are upping their game and becoming more agile themselves. Many entrants located their spe-

cific project within a larger digital strategy, signalling another step along their business transformation journey.

Impressively, the majority of projects in the 2016 competition exhibited incredibly short timelines from conception to launch – with many coming to market in less than a year. Long gone are the days when bank IT projects came with five-year implementation plans.


While lots of projects focused on improving the end-user experience – another trend inspired by the fintech community – others looked at increasing security, easing the burden of compliance and enhancing risk analytics. Big data also played a major role in many projects, indicative of the recent advances made in this area.

In recognition of another topic that has dominated headlines over the past year, The Banker added blockchain as a new category in 2016. The potential for distributed ledger

technology to transform financial services infrastructure and the number of pilots rumoured to be running leads us to believe that submissions for this category will continue to rise for years to come.

The most popular category in 2016 was mobile, with more than 40 entries. This illustrates the exponential adoption of smartphones across the world and establishes the important role they will play in the future of banking.

This year also saw the development of new consortia bringing together the great and the good in banking to solve specific industry problems. Regulatory pressures and the rapid speed of technological change seem to be heralding in a new era of co-operation between industry participants.

Next month *The Banker* will publish the Transaction Banking Awards in time for Sibos in Geneva, September 26 to 29. 

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## STRATEGIC TRANSFORMATION

**WINNER: ACADIASOFT**

**COLLATERAL HUB**

**Parties involved:** AcadiaSoft, ICAP, DTCC, Euroclear, Bank of America Merrill Lynch, Barclays, BNP Paribas, Citi, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan, Morgan Stanley, Société Générale, State Street and UBS. Plus 15 additional banks are in scope for the upcoming non-cleared margin rules in September 2016

With new collateral requirements for over-the-counter (OTC) derivatives coming into effect on September 1, 2016, AcadiaSoft felt the industry needed to have a standardised, automated central margining platform.

The regulations require the posting and collection of initial and variation margin, standardisation of collateral terms and timely resolution of disputes. These changes are expected to introduce substantial changes to the margin process, as well as bring about a rise in margin activity and collateral movements – estimated at a three to 10 times increase – that will overwhelm the margin processing solutions now in use.

To solve this issue, AcadiaSoft teamed up with 13 major global banks and three



Chris Walsh,  
CEO, AcadiaSoft

financial infrastructure providers to launch AcadiaSoft Collateral Hub within just six months. The hub provides the non-cleared OTC derivative market with a central margining platform that standardises and integrates margin calculation, reconciliation, communication and disputes management for market participants.

The single framework helps banks identify and minimise disputes at the input level before issuing margin calls. In this way, banks can avoid collateral disputes that will subject them to substantial additional capital requirements under the new regulations. Since its launch in February, nearly 300 derivatives market participants from AcadiaSoft's client community have migrated to the hub.

According to Chris Walsh, the CEO at AcadiaSoft, the main aim was to create a central margining platform that could deliver operational efficiencies through a single electronic, lower cost solution. "It was also important to bring this product to market well before the regulations took effect so that firms could prepare in advance. We met both of these goals by collaborating across the industry through a number of working groups and creating a product plan with numerous checkpoints – and with a relentless focus on quality," he says.

In the process, AcadiaSoft needed to transform into an industry-driven, commercially motivated consortium designed for industry participants to create shared solutions for common aspects of their businesses. Financial institutions now have the opportunity to transform themselves, and reduce cost and risk by mutualising development efforts and standardising common processes.

While AcadiaSoft's initiative was important to the large OTC derivatives market due to the upcoming regulations, the hub is now being extended to address the full post-trade risk lifecycle in the OTC, cleared, repos, to-be-announced and loan markets.