

CASE STUDY

Íslandsbanki Strengthens Treasury Trading and Risk Management



As a result of our Fusion Treasury upgrade we are better prepared for bringing new products to market in a short amount of time, and can price products in a more sophisticated way.”

Björk Ölversdóttir

IT Project Manager and Business Analyst,
Corporate and Investment Banking, Íslandsbanki

**THE FUTURE OF
FINANCE IS OPEN**

At a Glance

Solution

- Fusion Treasury
- Fusion Risk



The Finastra Global Services team was very responsive during the upgrade – they were excellent at addressing our needs.”

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IT Project Manager and Business Analyst,
Corporate and Investment Banking
Íslandsbanki

About Íslandsbanki

A leader in financial services in Iceland, Íslandsbanki provides universal banking services to individuals, corporates and investors. The bank employs around 900 people and has over 140 years of experience servicing Iceland’s key industries.

The Challenge

When Iceland’s government announced it would be lifting capital controls – introduced at the height of the financial crisis in 2008 – Íslandsbanki anticipated a significant surge in trading volumes. The bank wanted to make sure its treasury systems were prepared to accommodate the increased demand, as well as upcoming regulatory requirements such as the first and second Markets in Financial Instruments Directives (MiFID and MiFID II).

The Solution

Working in partnership with Finastra, Íslandsbanki upgraded to the latest version of Fusion Treasury, making use of the Fusion Advance service to ensure a speedy, seamless migration. The bank is in the process of introducing Fusion Risk, which it will harness to ease compliance with upcoming regulatory demands and reinforce its three lines of defence framework for risk control.

The Result

Íslandsbanki has been able to take on significantly higher volumes of trading with ease, as a result of higher levels of automation and simplified workflows, which have also reduced cost-per-trade. The bank is also making use of enhanced functionality to improve the way it prices and controls products, and to gain faster insight into risk, supporting safer, more efficient treasury trading.

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The upgrade was a success. We launched the new platform on schedule, giving us a good amount of time to prepare for the lifting of capital controls.”

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IT Project Manager and Business Analyst, Corporate and Investment Banking, Íslandsbanki

Íslandsbanki upgrades to the latest version of Fusion Treasury to prepare its trading operations for both rising business volumes and new regulatory demands

The Challenge

Iceland weathered tough times following the financial crisis in 2008, including the enforcement of strict capital controls. This significantly reduced borrowing and foreign investment, and led to a sharp downturn in foreign exchange (FX) business for banks.

Fortunately, economic conditions have been on the upswing and, almost nine years after its banking crash, Iceland's government announced that it would be lifting all capital controls.

Recognizing that the return to international financial markets would bring with it a significant surge in FX business, Íslandsbanki wanted to make sure its trading systems were prepared to handle the increased demand.

Björk Ölversdóttir, IT Project Manager and Business Analyst in Corporate and Investment Banking at Íslandsbanki, explains: “We've counted on Fusion Treasury solutions from Finastra to support our treasury trading activity for many years. However, we were running on an old version of the platform and wanted to upgrade before the capital controls were lifted, to guarantee we'd be able to keep up with the rise in trading volumes.”

At the same time, Íslandsbanki is keen to ensure that this growth in its treasury business does not come at the cost of compliance.

“On the financial investments side, we are preparing for a number of regulations, including MiFID and MiFID II,” continues Björk Ölversdóttir. “It's going to take a lot of work to meet all the new requirements, and we want to make sure that we get it right.”

The Solution

To lay the groundwork for a successful Fusion Treasury upgrade, Íslandsbanki worked with the Systems Advisory Group from the Finastra Success program.

Björk Ölversdóttir recalls: “The Systems Advisory Group helped us to understand the bank's activity and utilization of the Fusion Treasury technology, in order to identify areas of improvement. 45 topics were identified from the Group's findings, and we were able to outline the steps we should take to get more value out of the platform, which included upgrading to the latest version of the software.

“We also worked with the Customer Value Team from Finastra to build a business case for the upgrade, which we used to help gain executive buy-in for the Fusion Treasury upgrade.”

Íslandsbanki took advantage of the Fusion Advance Premium service, leveraging best practices and expert support from Finastra to ensure a smooth migration to the new version of Fusion Treasury.

“The upgrade was a success,” says Björk Ölversdóttir. “We launched the new platform on schedule, giving us a good amount of time to prepare for the lifting of capital controls. The Finastra Global Services team was very responsive during the upgrade – they were excellent at addressing our needs.”

Currently, Íslandsbanki is working with Finastra to deploy Fusion Risk, which the bank will use for risk analysis and reporting – helping to enhance regulatory compliance – and to support its broader three lines of defense risk governance framework.

Transforming Trading

Following its Fusion Treasury upgrade, Íslandsbanki has been able to easily accommodate increased trading volumes. The bank is also taking advantage of enhanced pricing and risk management to support safer, more effective treasury operations.

Björk Ölversdóttir confirms: “As a result of our Fusion Treasury upgrade, we are better prepared for bringing new products to market in a short amount of time, and can price products in a more sophisticated way.

“We are also working to automate our market risk monitoring and revaluation activities – freeing our risk analysts from manual work and helping us gain faster, more nuanced insight into risk.”

Íslandsbanki continues to work with Finastra to enhance its treasury system, bringing new products onto the platform and streamlining workflows to boost efficiency.

“We are expecting to realize further benefits in the near future with Fusion Treasury,” states Björk Ölversdóttir. “We have taken part in the Finastra Engineering Collaboration program, and are working to bring bond forwards and equity forwards onto the new platform.

“We anticipate that this will enable us to achieve much higher straight-through processing rates, helping our teams put through trades in a faster, more cost-effective way. We also expect to simplify the way we manage all of our settlement and netting procedures, which will deliver similar efficiency gains.”

Íslandsbanki has built up a strong partnership with Finastra over more than a decade



We have invested a lot in Finastra technology, and we look forward to continuing this partnership in the future.”

Björk Ölversdóttir

IT Project Manager and Business Analyst,
Corporate and Investment Banking
Íslandsbanki

Enduring Partnership

Íslandsbanki's technology upgrade marks another successful chapter in a long and productive partnership with Finastra.

Björk Ölversdóttir concludes: “We have been working with Finastra since 2004 and we continue to have a positive and responsive relationship today. We have invested a lot in Finastra technology, and we look forward to continuing this partnership in the future.”

About Finastra

Finastra unlocks the potential of people and businesses in finance, creating a platform for open innovation. Formed in 2017 by the combination of Misys and D+H, we provide the broadest portfolio of financial services software in the world today – spanning retail banking, transaction banking, lending, and treasury and capital markets. Our solutions enable customers to deploy mission critical technology on premises or in the cloud. Our scale and geographical reach means that we can serve customers effectively, regardless of their size or geographic location – from global financial institutions, to community banks and credit unions. Through our open, secure and reliable solutions, customers are empowered to accelerate growth, optimize cost, mitigate risk and continually evolve to meet the changing needs of their customers. 48 of the world's top 50 banks use Finastra technology. Please visit finastra.com

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GB / 0118

Corporate headquarters

One Kingdom Street
Paddington
London W2 6BL
United Kingdom
T +44 20 3320 5000

