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SVP, Capital Markets and Treasury

TAS GROUP

**PREPARING
THE EUROPEAN
FINANCIAL COMMUNITY
FOR A NEW ERA**

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[BIT:TAS]

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Just like languages are made up of various syntaxes and semantics, financial institutions across the world utilise different messaging standards and formats—each specific to a geographical or business area—to communicate with one another. However, this disparity in communication will soon decrease as banks transition to ISO20022, the new global standard for exchanging electronic messages between financial institutions.

The introduction of ISO 20022-compliant messages for communication is only one aspect of Vision 2020, aka the Eurosystem's T2/T2S Consolidation project that will witness the technical consolidation of TARGET2 and TARGET2-Securities and the harmonisation and integration of European cash and securities settlement services. Starting in November 2021, European banks are mandated to manage both cash and liquid assets in real time, synchronise the language used between traditional infrastructure and new systems, harmonise the

support functionalities for future TARGET services (RTGS, T2S, and TIPS), develop multi-currency capability, and improve compatibility across technology platforms. A tall order, to say the least!

If you are a bank looking for an ally—to navigate the complex journey of transitioning to Europe's all-new integrated financial market infrastructure—look no further than TAS Group. A renowned capital markets technology solution provider, TAS Group is particularly focused on how the T2/T2S Consolidation project can be converted into an opportunity for the digital transformation of liquidity management. “We want to seize the opportunity of using mandatory and compliance budgets to transform banking operations based on digital models,” says Mario Mendia, SVP, capital markets and treasury of TAS Group, a fintech listed on the Italian Stock Exchange.

While most solution providers focused on the T2/T2S Consolidation project are merely helping banks fulfil mandatory

specifications, TAS Group takes a unique approach, designed to help its clients profit from new digital models. Mendia elaborates, “We use the vast amount of new data available to guarantee real-time and predictive business visibility and enable responsive operations and smooth cross-functional collaboration. In IT terms, this means high-performance transaction management with real-time analytics and machine learning for predictive analysis.”

Most of all, TAS Group is striving to change the way European banks manage their liquid assets, cash, securities, and collateral.

Tearing down the Barriers of Fragmented Systems

In order to help banks migrate to a consolidated payments infrastructure that fits today’s needs, TAS Group has built up a range of solutions, including a comprehensive liquidity management system to facilitate the convergence between cash and liquid assets.

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However, before deep-diving into the feature sets of the solutions, Mendia highlights the various pain points impeding banks from moving to real-time trading and post-trading.

According to Mendia, most European banks still manage liquid assets separately through different desks such as global and local, commercial and central banking money—a fragmented system that leads to manual intervention, and reconciliation issues due to systems misalignment. He adds, “To make matters worse, banks leverage different data sources for purposes such as operation,

risk management, compliance, analyses, and data warehousing, and also maintain multiple databases. Still reliant on patchy processes, they are unable to move to real-time.”

Additionally, the role of the treasurer has changed drastically. The modern-day treasurer needs to adopt a 360-degree approach which includes using technology to manage the bank’s assets and liabilities and improve forecasting. “Treasurers need to ensure that every asset of the bank is kept liquid. A good, digital treasury is the key to solving that problem,” says Mendia. While on the one hand, treasurers need to ensure banks respect all parameters and mandatory regulations, they also need data-driven intelligence to identify where to invest the bank’s money, liquidity, and resources. “Manual processes are just not good enough.

Treasurers need analytics to reap the rewards of process automation, and focus on more strategic tasks,” stresses Mendia.

TAS Group addresses each of these pain points and a whole lot more. Through its capital markets and treasury solutions, TAS Group provides financial operators with a reliable, flexible and high-performance technological infrastructure for functions such as trading, post-trade, compliance, treasury, and collateral. Leveraged by financial giants such as Crédit Agricole, BNL, and Deutsche Bank, the solutions are updated with latest regulations (TARGET 2 Securities, MiFID II, etc.) and can also be outsourced to data centres in the form of a plug-and-go service. Furthermore, industry standards such as FIX protocol, SWIFT, and ISO have been integrated into TAS Group’s solutions with proprietary libraries to ensure integration capability and speed.

It is also worth highlighting that TAS Group—owing to its deep knowledge of real-time data processing—constructs only fault-tolerant architectures that help users in saving time spent on data quality assurance, exception management, and reconciliations. For example, TAS Group’s solutions can easily integrate with the bank’s data to promote better data management. This is particularly useful with regard to regulatory reporting. Mendia explains, “Internal data dictionaries can be used for the different reporting schemes, control data validation, enrichment, and modification while providing audit trails for these functionalities.”

The Italian fintech has also developed a new modular solution on big data architecture, not only to provide compliance reporting (MIFID II) and services (Market Abuse detection) but also to integrate innovative and complete data analytics based on the same data. “We are now experimenting with machine learning on the same data lake to identify trading patterns useful for compliance and marketing purposes,” adds Mendia.

Manage Liquid Assets with Aquarius

To address the elephant in the room—the convergence of securities and cash—TAS Group has launched Aquarius, the first-of-its-kind, off-the-shelf platform that integrates liquidity management on TARGET2 and Nostro accounts. The post-trading solution provides modular securities settlement capabilities on T2S and global or local custodians that result in an integrated real-time settlement dashboard. Mendia details, “The Aquarius user can easily control simple-to-very-complex settlement processing, in different markets and securities, ensuring, for example, the CSDR compliance in case of the parallel processing of different back offices.”

By leveraging Aquarius, TAS Group’s target clients—banks, brokers, and other financial institutions—will be able to process the real-time management of cash and liquid



assets across different processes and departments to avoid fragmentation and manual efforts, reducing the risk of error and freeing resources to focus on treasury and liquidity activities and objectives.

Importantly, TAS Group’s AI and big data-engineered liquidity management system will allow banks to ramp up their digital transformation efforts by automating tasks, integrating information (into one database), and scaling up their applications in realtime. “By managing cash, liquid assets, and securities under the same platform, banks can take a modular approach tailored for each reality. It will also enable them to increase efficiencies and optimise liquidity management across all TARGET Services,” says Mendia.

Ultimate Differentiator: Not Restricted to Payments

Although TAS is a software vendor active in payments, capital markets, and treasury, the company’s unique value proposition lies in its capability to work across assets, especially in the liquidity space.

Just take the example of Anglo-Gulf Trade Bank (AGTB), a digital-only corporate trade bank based in

Abu Dhabi. To deliver a range of trade finance services to its global clientele, AGTB leverages technologies such as big data analytics, blockchain, and cloud computing. TAS Group helped AGTB create and manage a payment hub for correspondent banks. Mendia adds, “We integrated the solution with various applications deployed in a new Microsoft Azure Cloud architecture.”

As for TAS Group’s prudent compliance reporting capabilities, Mendia cites the use case of ICCREA, an Italian bank that services more than 200 rural banks. After providing ICCREA with a new architecture (in service mode) for record keeping, MIFID II-compliant reporting, and post-trade transparency and transaction reporting, TAS Group integrated the service with each of the 200 banking systems. “This helped us provide personalised data flows and services for the large number of banks,” he recalls.

Going forward, TAS Group will continue to fuse the regulatory agenda of the European market with continuous product innovation. The aim is to use mandatory budgets and resources to promote and accelerate the digital transformation of its customer banks. This strategy is implemented through a partnership and community-based approach that sees TAS Group

participating in industry discussions, roundtables, and consultations to increase and share know-how and strengthen relationships.

Most recently, TAS Group led T2/T2S consolidation working group meetings, in partnership with Accenture and KPMG. Over multiple roundtable discussions that saw the participation of over 30 Italian banks, TAS Group along with 150 financial professionals explored ongoing changes to the treasury operational model, interpretation of the Eurosystem UDFS, project strategy, and the best approach towards architectural evolution and system integration. “We have always taken a community-first approach, and will continue to do so,” says Mendia.

From a corporate perspective, TAS Group acknowledges that it is entering an exciting phase. Besides a wide array of expansion opportunities, TAS Group plans to ramp up its acquisitions. Earlier this year, TAS Group acquired an Eastern European company that specialises in card management and another one focusing on machine learning. Within this framework, TAS Group’s product strategy will concentrate on the continued development of cross-asset liquidity management capabilities, and the development of compliance and reporting solutions to cover both the present and the future. Mendia adds, “We are also razor-focused on improving our real-time data analytics and predictive analytics capabilities to ensure compliance and business-related responses. We will also continue to invest in partnerships and collaborate with system integrators.”

The “big bang” migration of the European financial landscape is slated for November 2021. The clock is ticking. “Now is the moment to use the T2/T2S consolidation opportunity to prepare for the future, engage the right partners, and drive real digital transformation,” concludes Mendia. CM