CASE STUDY

MORS deploys an integrated treasury management solution for a Czech bank

The implementation ensured precise data availability, improved compliance, and reduction in manual entry and errors

IBS Intelligence

For the past few decades, treasurers have been using treasury management systems (TMS) to track and anticipate their cash position as precisely as possible. Even though many legacy treasury management systems promise to automate conventional treasury activities, manual intervention is frequently necessary to obtain a cash position at a certain point in time. While organizations continue to use a TMS to support their treasury operations, using legacy technology can prove costlier in the long run due to time-intensive data analysis methods and high costs of workarounds.

MORS, a Finland-based software solutions provider, was tasked with implementing a Treasury and ALM (Asset and Liability Management) system for a Czech bank by integrating treasury front-office functionality with interest rate risk, liquidity risk and counterparty risk analyses, exposures, and limits, in one system. In addition, MORS transaction data was to be used for several reporting purposes due to the flexible nature of data extraction and reporting features.

Project and Solution Overview

The following were key objectives put forth by MORS's client:

- Replace several treasury systems used for entering the treasury transactions. MORS' solution inputs each deal only once.
- Integrate the treasury's risk monitoring, managing, and reporting into one system. Previously, several systems were dealing with entries and were needed to cover the different types of risk analysis and reporting purposes.
- Replace manual procedures and spreadsheets in group risk management when gathering the wholesale and retail banking transactions and balance sheets data for risk analysis.
- Improve the current workflows and work routines into the best practice procedures. When sorting out the source data from the bank's systems, the granularity and detail levels of each data received were to be thoroughly planned. Data feeds also needed to be enriched to further enable new reporting requirements and create the best control and reporting mechanism for the bank.
- Reduce multiple manual inputs of the same data and create automation while reducing risk by implementing one integrated solution where data management and analytics were automated and log listed.

The main source data interface is the "morning file", which brings in the entire banking operation into the MORS system. This timer-based task is automated and runs every business day at 5 AM.

Another source data interface brings the Market Data into MORS. The market data includes currency rates updated every fifteen minutes, yield curves, and securities prices.

All treasury and sales transactions, i.e., the wholesale and markets transactions, are input directly into MORS via MORS Treasury Management System by the front office dealers of the treasury and sales desks. Using the latest transaction and market data, MORS calculates market risks (interest rate risk, liquidity risk and FX position) and counterparty credit risk for the entire bank in real-time.

The wholesale deals entered in MORS are transferred to iFlex, the core banking system, for further bookings and payments. The workflow in MORS and the transfers into iFlex are automated via automatic interfaces.

Implementation Process

In this project, the standard modules of the MORS system were implemented (including MORS TMS – treasury management system, MORS LRM – liquidity risk management, MORS ALM – asset-liability management). In total, these modules formed an integrated Treasury ALM (Asset Liability Management) solution covering all transactions and balance sheet items throughout the entire bank.

The first version of the pre-configured system was used by the customer within one month of project initiation. Thereafter, more system modules and functionality were activated over the course of three months. Additionally, all source data interfaces were fine-tuned at each module activation and the remote system was transferred over to the bank's IT premises.

The implementation included two systems running in parallel, one for testing and one for production use. Both systems were loaded every morning with the previous day's banking book transactions data and were operated live, capturing the current day's treasury transactions.

The bank used the following resources for the duration of the project: a project manager and various professionals participating from their respective domains – such as treasury, risk, back-office, control, compliance, and credit. From MORS' side, there were: a project manager, two configuration consultants, two interfacing engineers and a business consultant.

The system went live in six months. As learning from previous projects, after the implementation phase, a two-month support period was planned for the project. This was well appreciated by the client, as all functionality, default set-ups, and configurations were tested and checked. After going live with the system, additional system functionalities were added.

MORS also provides a new system version semi-annually which is included in the system license.

Benefits Achieved

Having MORS as the central data hub for all transactions and market data increased the consistency and quality of data. With MORS data management and analytics, the bank got a truly integrated Treasury ALM (Asset & Liability Management) platform. The TALM (Treasury ALM) platform serves the bank in monitoring, managing, and reporting of the entire bank's balance sheet and financial risks.

Using the same data further for regulatory reports and automation and carrying out a single input of treasury transactions have improved the reporting quality and decreased the daily amount of manual work in the treasury, compliance, and IT departments.

Some other benefits achieved include:

- All exposures are monitored in real-time against limits.
- All the reports and analysis provide drill-down from the total figures into the granular transaction-level details, providing improved transparency and certainty for audit trails and reconciliations.

Conclusion

MORS was able to provide an advanced and comprehensive system that was delivered in accordance with MORS Software's standard implementation procedures. The implementation, as detailed above, provided a host of benefits and was successful in making a significant impact on their client's treasury management capabilities.

Key Facts

Supplier: MORS Software
Headquarters: Finland
Founded: 2006
Client: A Czech Republic-based bank
Solution: MORS Integrated Treasury ALM Solution
Timeline: Six months