

Swedbank Markets: Intraday trading control with *MORS*



Middle office reporting system

Prior to 2004, Swedbank Market's Middle Office trading room relied solely on spreadsheets and direct queries from Front Office systems to manage the trading control. The time spent gathering and processing data far outweighed the amount of time spent analyzing and understanding the data. Swedbank Market's Middle Office Risk Controllers had a very clear idea of what type of software they needed and wanted and when they were introduced to best-of-breed *MORS* – Middle Office Reporting System, their wishes were answered.

Why *MORS*?

When selecting a middle office reporting system, Swedbank Markets required just one system that would replace their many spreadsheet tasks, therefore reducing risks, while at the same time enabling risk control throughout the course of the day. Essentially they needed a system that would replace the use of yesterday's data and inconsistent calculation methods with automated and consolidated intraday trading control, in real-time.

Swedbank Markets selected *MORS* in 2004. Swedbank selected a best-of-breed system to fully satisfy the needs of the Middle Office expert users. They needed a system that was affordable, fast to implement and easy to maintain while at the same time offering a real-time enterprise-wide 'bigger picture' of trading risks. Markus Bartsch, Vice President, Head of Middle Office at Swedbank Markets, comments, "Our vision was to first bring all of our data into one central place and then concentrate all the control work in there." The reputation that *MORS* already had at its reference sites was very positive. Other financial institutions using its system considered *MORS* a trustworthy partner. Implementation was on time and budget and the Risk Controllers went live with *MORS* with ten user licenses in their central trading room in Stockholm. The *MORS* installation covers a range of instruments including, among others, Deposits/Loans, Futures, FRAs, FRNs, IR Swaps, IR Options, FX Spot/Forwards, FX Swaps and FX Options.

ABOUT SWEDBANK

Swedbank is the leading bank in Sweden, Estonia, Latvia and Lithuania with 16,000 employees serving 8.7 million private and 430,000 corporate customers.

Swedbank Markets is a unit of Swedbank and comprises its investment banking and merchant banking operations.

In addition to operations in Sweden and First Securities in Norway, Swedbank Markets includes international branches in New York and Shanghai.

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The benefits

Swedbank has now been using *MORS* for two years and continues to be completely satisfied. Martin Svensson, Middle Office Developer, Middle Office at Swedbank Markets, comments, “During this time we have not only improved our control, but we have also significantly developed on every level of risk control. The real-time trading control really is a motivating and educational way of doing the daily control work. There is no doubt that we have already seen a positive return on our investment in *MORS* – not only have we saved on internal system development, but we have also saved time for our resources who now focus on more value-added activities.” Also adding to that Mr. Bartsch, Vice President, Head of Middle Office at Swedbank Markets, comments, “We are also very satisfied with the fast and knowledgeable support offered by *MORS Software*. We always get quick help when ever we need it.”

MORS allows the Middle Office users to have a central Middle Office approach, with the ability to monitor all risks, results and positions from its foreign trading site on one spot. The Front Office systems, Reuters Kondor+, Murex and Opus deliver deal information to *MORS* either in real-time throughout the day or to some extent by end of day. *MORS* calculates NPVs, positions, IR risks and liquidity effects. The *MORS* database, which is continuously updated, consisting all individual live deals, plus the complete deal history for each deal. Swedbank Markets has access to more than 120 *MORS* reports, all in real-time.

MORS also operates as a search tool in that the Middle Office can locate any individual deal from the Front Office Systems. Markus Bartsch, Vice President, Head of Middle Office at Swedbank Markets, comments, “*MORS* enables us to find all transactions on a deal by deal level. To have just one system do this in real-time during the day helps us enormously.”

As a reconciliation tool, Swedbank Markets uses *MORS* to reconcile between trading books and accounting. For example, NPV figures are calculated in the Front Office systems, sent to Algorithmics’ VaR engine and are reconciled against those calculated in *MORS*. Likewise, the currency positions are reconciled in *MORS*.

MORS enables real-time error tracking where the accuracy of the market data is verified. Quite simply, all transactions valued within the controlled market data environment should give a par P&L figure of zero when traded. If this is not the case then either the deal information or the market price is incorrect.

What’s next?

In essence, through the use of *MORS*, Swedbank Markets benefits from a significant increase in business performance and operational efficiency with a clear reduction in costs. Risk controllers now have a faster global access to higher quality and more consistent Middle Office data with an obvious increase in job satisfaction.

MORS continues to support Swedbank Markets and, where possible, works with them to offer new reporting functionality. Lennart Skarin, Business System Manager, Swedbank Markets System Center, comments, “We look forward to discovering new possibilities for using *MORS*’ control and reporting features and benefiting from new functionalities that the company can offer us in the future.”

Such a possible usage of *MORS* for the Bank could be utilizing the *MORS* consolidated, consistently valued and corrected transaction information further in management and authority reporting. In the case that regulatory reporting requirements are introduced or changed, *MORS* could accommodate this and save additional costs.

MORS Software

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