

CASE STUDY

Iccrea steps up trading to meet new regulations at lower cost



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Saverio Ferraro
IT Director, Iccrea Banking Group

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At a glance

Products

- FusionCapital



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IT Director,
Iccrea Banking Group

About Iccrea Banking Group

As part of the Italian Co-operative Credit System, the Iccrea Banking Group is made up of over 300 credit unions and rural saving banks in Italy. Iccrea's mission is to develop, in a sustainable and responsible way, cooperative banks' market share and competitive positioning, and to maximize their added value in serving local economic development.

The Challenge

With deadlines for a raft of regulatory initiatives looming, Iccrea was concerned that its fragmented trading and reporting systems were holding it back from adapting its business to new requirements. The group sought to transform its capital markets infrastructure, boosting integration and transparency to comply with regulations faster and at lower cost.

The Solution

Iccrea is working with Finastra to move away from siloed systems and unify its trading operations on FusionCapital. With more flexible systems and full visibility into capital markets activity, the group can more easily adapt systems and processes to maintain compliance.

The Result

Iccrea will be well-positioned to manage the impact of regulatory change, therefore reducing operational risk. In addition, with FusionCapital the group will drive higher levels of automation and straight-through processing (STP), improving the speed and quality of its services while cutting the risk of human error. Iccrea anticipates that the enhancements to its trading landscape will help it reduce operating costs by EUR 5 million over the next 10 years, providing a future-proof platform for growth.

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Saverio Ferraro
IT Director, Iccrea Banking Group

With a flexible, integrated platform for trading and risk management, Iccrea supports compliant operations and expects to save EUR 5 million over the next 10 years

The Challenge

As capital markets weather wave after wave of new regulations, financial services institutions must focus more strongly than ever on driving efficient and transparent operations that can stand up to both increased regulatory scrutiny and new market demands.

“Regulatory reporting is one of our key priorities,” begins Saverio Ferraro, IT Director at Iccrea Banking Group. “Not only do we have to meet the requirements of the central bank of Italy, we are also supervised by the European Central Bank, so there is a balancing act involved in accommodating the needs of both of these entities.”

Currently, Iccrea’s attention has been focused strongly on two specific regulatory initiatives: the second Markets in Financial Instruments Directive (MiFID II) and the International Financial Reporting Standards (IFRS) 9, both of which will have a major impact on the way the group prices and trades financial instruments, and manages accounting and reporting.

Saverio Ferraro continues: “Traditionally, we have relied on largely siloed systems to manage trading and reporting. The lack of flexibility and integration was posing a growing obstacle to compliance, making it difficult for us to implement new requirements across our capital markets business.”

With existing systems unable to evolve to meet changing demands, Iccrea set out to find a solution that could help it adapt to new regulations faster and with less effort and expense.

The Solution

Iccrea chose FusionCapital to harmonize and reinvigorate its group-wide trading infrastructure.

“We’ve been using Finastra solutions for more than 10 years now, so we are familiar with the capabilities of their software,” notes Saverio Ferraro.

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In partnership with Finastra, Iccrea is working to transform its capital markets landscape—moving from siloed systems to a unified platform with clear, real-time views across all desks and departments.

Saverio Ferraro says: “The relationship we have with Finastra is definitely a strategic partnership, and this new project has only deepened the collaboration and commitment between us. We have established a set of operating principles that will serve us well now and in the future.”

Iccrea is currently working to put in place new models and standards required by MiFID II and IFRS 9, with a delivery objective set for early 2018. The group will then turn its attention to meeting the requirements of the General Data Protection Regulation (GDPR).

Ready for Future Demands

Centralizing operations and processes will enable Iccrea to bring a new level of transparency and control to its operations, helping it meet new demands and regulatory requirements with ease. Closer integration will also help the group to provide a single user experience across the entire business.

“We expect to gain a holistic view of our activities and a more consistent approach to managing trading and regulatory change,” remarks Saverio Ferraro.

End-to-end post-trade processing will enable Iccrea to increase STP rates. The group expects to save EUR 5 million over the next 10 years as a result of efficient and accurate processes.

Saverio Ferraro says: “With FusionCapital, we expect to increase our level of automation and STP, improving the speed and quality of the services we deliver, all while reducing operating costs and error rates.”

Importantly, the optimizations to Iccrea’s lending and risk management systems will offer greater stability to the group’s network of more than 300 cooperative banks.

Saverio Ferraro concludes: “We are working together with Finastra to transform our systems, reduce costs and sharpen the competitive edge of the Italian Credit Cooperative System.”

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 36 / 0917

Corporate headquarters

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

