

CABEI Upgrades to Operational and Self-sufficient Modernized Analytics Framework with F3

Highlights

Client

Central American Bank for Economic Integration (CABEI)

Business objectives

Promote the economic integration and balanced economic and social development of its beneficiary member countries

Requirements

- FINCAD Analytics Suite to F3 trade integration project
- Operational risk mitigation
- CVA

FINCAD solution

F3 Excel® Edition

FINCAD features

- Cutting-edge curve building
- Flexible valuation ability

Success factors

- FINCAD Professional Services
- Fully transparent independent pricing and model validation
- Analytics acceleration

CABEI's Challenge

Banco Centroamericano de Integración Económica (BCIE) promotes the economic integration and development of its member countries.

CABEI manages the largest derivative portfolio in the Central American region (over 100 trades) and regularly enters into over-the-counter swaps with all major international banks. CABEI had developed a simple CVA solution for pricing their OTC trades but in order to achieve greater accuracy, speed, and modeling transparency they decided to upgrade to F3, FINCAD's best-in-class CVA solution.

CABEI needed to migrate from FINCAD Analytics Suite to acquire robust CVA functionality, reduce operational risk and bridge gaps in valuation of structured trades. CABEI recognized that, after growing their business with FINCAD Analytics Suite for almost 7 years, their needs had evolved and their analytics needed to evolve with them.

Fundamental to these changes was advanced curve building which could quickly and accurately represent LIBOR and a variety of bases including tenor, cross-currency and bond-CDS. The ability to accurately model these bases also became an essential part of the solution.

Also, CABEI needed a comprehensive solution capable of modeling virtually any instrument, including structured trades, in a reduced number of workbooks to mitigate operational risk.

FINCAD's Solution

CABEI's migration was a two-part solution. The first step was implementing FINCAD's flexible, transparent, and accurate F3 technology and the second was receiving expert training and consulting from FINCAD Professional Services.

FINCAD's team of highly experienced Professional Services experts were actively involved in each step of the F3 implementation from start to finish, ensuring successful and rapid integration with existing systems and providing training, support, and consulting as needs arose. Support from FINCAD Professional Service experts was crucial for CABEI to being operational and self-sufficient with their modernized analytics framework.

As a result of F3's flexibility, accuracy, speed, and transparency, CABEI is now able to run valuations on a daily basis, is future-proof to new discounting regimes and curve building methodologies, and is able to model virtually any trade or multi-asset, multi-currency derivative portfolio.

About FINCAD

An established leader with more than 25 years of experience, FINCAD provides innovative and trusted financial analytics software to organizations worldwide. With deep market understanding, a client-centered business approach, and unmatched quantitative and software engineering expertise, FINCAD is uniquely positioned to lead the market in enterprise valuation and risk technology. FINCAD serves more than 1,000 organizations across the globe. To learn more about FINCAD's award-winning solutions, please visit fincad.com.

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The Results

Using F3, CABEL has gained accurate and independent analytics ensuring best execution and reliability of their financial information. CABEL can now support their derivative valuation needs and satisfy their stakeholders with robust and transparent analytics based on best practices.

"FINCAD enabled us to deploy CVA faster than we expected and now leading the way with best practices valuation and risk modeling."

Nick Rischbieth, Executive President, CABEL

In addition to the operational risk reduction, CABEL has been able to customize their valuation analytics for bespoke instruments, enabling them to more accurately model their entire derivative book and enter a wider variety of trades which they previously struggled modeling.

CABEL now has sophisticated analytics on par with Tier 1 banks. With F3, they possess fully transparent and independent valuation capabilities which enable them to validate counterparty valuations. Additionally, their valuation run-time has been accelerated and operational risk has been mitigated by their consolidated valuation and risk work flow into a single workbook for market data, their modeling assumptions, and their portfolio of trades.

"F3's flexibility enables valuation and risk management of virtually any trade or portfolio, no matter how complex. With F3, we are not constrained by our analytics."

Nick Rischbieth, Executive President, CABEL

CABEL is fully self-sufficient with their F3 solution. FINCAD Professional Services provided them with the tools and knowledge they required to be fully operational and continue modifying the framework to meet their needs on their own.

"The Professional Services team went out of their way to deploy what we needed and to give us the knowledge to continue modifying the system on our own."

Nick Rischbieth, Executive President, CABEL

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