



Case Study

Integration in Asset-Backed Finance

confluentia

Case Study:

Investment Bank – Integration in Asset-Backed Finance

Situation and objective

A major investment bank had purchased another major investment bank, and needed to integrate the two banks into one seamless operation. For one particular business line within asset-backed finance, the acquiring bank did not have an equivalent business in the US. Expertise was needed to design and deliver a platform (processes and technology) under aggressive timelines to support the USD 15-billion portfolio, and to complete all the needed credit reviews and legal documentation.

Confluentia was selected to run the project, based on a combination of its project management capability and its expertise in the credit and securitization space.

Solution

Confluentia worked with the client's staff to help define the new responsibilities that each functional group would have. The team also performed analysis to design new system flows: re-routing electronic trade executions to the acquiring bank's systems, creating new legal entities in the acquiring bank's settlement and accounting system, defining accounting rules, and migrating securities and transactions.

Cross-functional project management was also needed to ensure that:

- All the underlying transactions were reviewed by credit and finance, taking into account that the acquired bank had been operating under Basel I while the acquiring bank was operating under Basel II
- The needed regulatory and rating-agency approvals were obtained
- All legal documentation was completed for the client transactions, liquidity facilities, and securities
- Clearance was obtained by tax and compliance
- Investment interest in the product was maintained amidst deteriorating market conditions - a critical aspect given the size of the portfolio.

Result

Confluentia's presented to and obtained signoff from C-level executives on the migration plan and proposed operating model. The migration went ahead on schedule - a target that had seemed ambitious early in the project but which was subsequently credited as having reduced investor uncertainty and thus preserved liquidity for the bank during one of the credit crunch's most volatile periods.



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Confluentia

[kon-floo-en-shuh]

Noun, Latin for Confluence, from com- 'together' + fluere 'to flow'