

Case Study

A SADC Central Bank implements Calypso to match regional and global central banking peers' standards.

The Company

The Central Bank, located in Southern Africa, serves not only as a cornerstone of economic and financial stability, but also combines Reserves Management and Treasury functions to support the local currency and facilitate payments on behalf of the national treasury and of the government.



Background

Global institutions, including Central Banks, play an increasingly important role in ensuring financial stability. They must be well-prepared and have a reliable and stable Treasury system in place. This is especially crucial during times of crisis, such as the Covid-19 pandemic.

To meet these requirements, the Central Bank chose Adenza's treasury management solution, Calypso, as its front-to-back system for its Portfolio Management and Reserves Management functions. Calypso's Straight Through Processing (STP) capabilities ensure efficiency and on-time facilitation, while its 4-eye operational risk mitigation steps provide the necessary safeguards for risk-averse institutions.

This system helped to streamline previously limited and fragmented system capabilities and enabled operational processes to be facilitated on one platform.



Calypso was a natural fit for the Bank's objective to implement a system with sound front-to-back capabilities for its Financial Markets Division.



Why Andile

Andile brought extensive expertise to the project as a Capital Markets Technology (CMT) implementation leader, not only by providing full support in implementing Adenza's market-leading Trade and Treasury platform Calypso, but also by jointly developing a Target Operating Model for Central and Investment Banks across Africa.

With its proven track record, Andile is a preferred Calypso partner that has successfully upgraded and implemented more than 25 Calypso projects over the past decade.

Furthermore, Andile boasts some of the leading experts in the fields of Financial and Capital Markets platforms and traded asset classes, ensuring that its clients are always in the best hands possible.



Problem

Three areas of concern were identified:

1. System Integration and Shortcomings:

The Central Bank's multiple systems were primarily operating in isolation, with no full integration between the different divisions within Reserves Management and Treasury. This resulted in no single source of truth being available, making reconciliations onerous and time-consuming. The limitations within the Bank's legacy systems were also a contributing factor, with most functions still being conducted manually.

2. Operational Risk:

The Central Bank faced trading inefficiencies due to a lack of proper insight into internal Credit Risk and Nostro balances, as well as post-trade events. There were numerous operational risk factors identified that required urgent solutions. The inability to process data on time resulted in systems being out of sync, causing operational backlogs and affecting reporting timelines. Compliance processes were isolated and conducted manually, and therefore could not effectively provide oversight across the different Treasury divisions.

3. Portfolio Management:

To have a synchronised view of all its dealings, Reserves Management needed to manage investments within its portfolio in a prudent manner, while remaining active with regards to portfolio performance and attribution. The Central Bank was not able to conduct proper performance measurement on its portfolio given the turnaround times on the data required to perform this function and the severe system limitations.



Project Scope

The project scope covered **Front-to-Back operations**, including the Front Office, Middle Office (Market Risk, Credit Risk Limits, and Compliance), Back Office, and Portfolio Management.

The implemented **Asset Classes** included Fixed Income, Foreign Exchange, Money Market, and Discount Instruments, Security Finance, Interest Rate Derivatives, Credit Derivatives, and Asset Swaps.



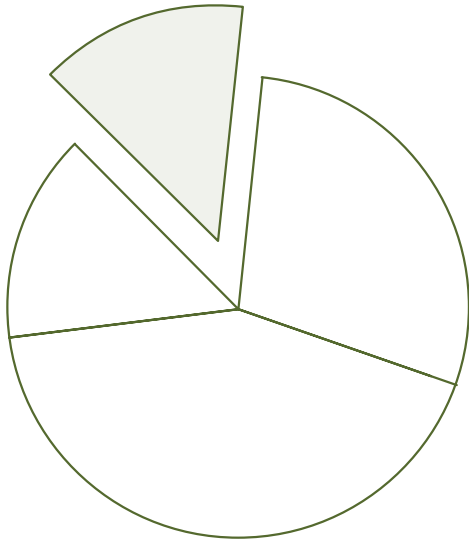
Solution

After identifying and analysing the problems, the Central Bank embarked on the implementation of proposed solutions, with the help of Andile. This involved extracting data from various sources, transforming it, and loading it into Calypso.

By implementing Calypso, the Central Bank was able to meet its medium-term strategy of diversifying, scaling, and engaging with peers and counterparties with renewed confidence.

Calypso's straight-through processing and 4-eye process for risk mitigation also activated a new level of efficiency in the Central Bank's operations. Andile achieved this major milestone by leveraging its Treasury Target Operating Model (TOM) and agility, which is a first for a Central Banking client.

This tried and tested model ensured that Andile worked closely with stakeholders through every phase of the project, from scoping to post-go-live support. The successful implementation of Calypso as a Treasury system for another Central Bank adds to Andile's reputation as a top contender for Central Banking solutions in Africa and beyond. The project was delivered on budget and on time, a rare achievement for a major project of this scale.



Key Success Metrics

- Second Central Banking implementation
- First on time implementation within the Bank in its almost 30 year history
- First implementation with the new Risk-Free Reference Rate
- First successful Asset Management implementation
- First full Compliance implementation
- On time and on budget
- Decommissioning of multiple legacy systems in parallel with Calypso implementation
- Full system integration to downstream systems
- Hybrid location model implementation
- Delivery of project in a consecutive 12 month period
- Reduction of operational risk based on efficient exception management tools and processes

Results

The Central Bank partnered with Adenza and Andile to achieve its goal of streamlining systems and mitigating operational risk through step-by-step guidance and best practice advice. This proved to be a great strategic choice for the Bank's expansion, renewed confidence, and value for money.

Throughout the project, seasoned Subject Matter Experts from both sides worked closely together to oversee each phase, including information gathering, documentation, building, process mapping, data migration, testing, and in-house training. These efforts contributed to the success of the implementation.

