

Client Brief



Treasury & Liquidity

Crédit Agricole CIB Implements Global Back Office with Calypso

*Reduces Operational Costs and Improves
Efficiency Across 23 Global Locations*

The Challenge: Consolidate Treasury, FX and FX Derivatives on Single Platform

After Crédit Agricole Group acquired Crédit Lyonnais in 2003, resulting in the creation of Calyon, the new investment entity of the group, Crédit Agricole CIB, had a vision to bring the back office processing of all their treasury, FX and FX derivative products to one single platform and offer remote access to the bank's global business locations. The system selection process started in 2005 to find a long-term partner to deliver a strategic global back office platform.

Success Criteria

Following the RFP (Request for Proposal) process and workshops, the bank requested a technical benchmark to ascertain that the chosen infrastructure would deliver fast, real-time processing of high volumes required for global trading of multiple products. Calypso Technology secured top scores, attributed to the modern Java-based system architecture.

In 2010, Crédit Agricole CIB, Europe's third-largest bank, went live in 23 global locations with the Calypso system to implement a global back office infrastructure to process all their treasury, FX and FX derivative products from a central, single instance of Calypso. These ambitious plans were aimed to reduce costs, increase efficiency, reduce risk and improve control levels as the bank would have "one source of truth" to base its business decisions on.

*We interviewed **Frédéric Coudreau**, Head of Capital Market Operations, Crédit Agricole CIB to find out more:*

What were the main drivers for a new system?

"The bank was using a large number of old in-house developed and external systems, and any change or upgrade was very complex to carry out due to systems interdependencies. The maintenance and running costs were high. A consolidated infrastructure would result in fewer systems and interfaces, leading to reduced IT and processing costs. We also had issues

“ The business is benefiting from improved operational efficiency, in the region of 60%, and speed of execution which has resulted in fewer errors, quicker response times and reduced operational costs. ”

Frédéric Coudreau
Crédit Agricole CIB

with high costs for staff training and relied on specialised skills to maintain the various systems. From a business perspective, we wanted to see faster response times, increased efficiency levels and improved control. The managers were looking for greater transparency; they wanted a summary view of outstanding positions and exposure levels in real-time according to flexible parameters. At the time, the volumes of derivatives trading were on a sharp increase and the bank wanted to be able to start trading new products quickly and enter new growth markets where they saw opportunities. The existing infrastructure was hampering growth and innovation."

BENEFITS SUMMARY

- +98% STP (straight-through processing)
- A 60% increase in operational efficiency
- Improved operational risk management
- Shorter response times to new business requirements
- Accurate decision-making based on information available in real-time
- Improved customer service
- Significant lower IT running costs
- Ability to start trading new products quickly
- Core infrastructure already in place when entering new geographical markets

About Crédit Agricole CIB

Crédit Agricole CIB is the Corporate and Investment Banking arm of the Crédit Agricole Group, the world's ninth-largest, Europe's third-largest and France's first-largest bank on the basis of Tier 1 capital. With around 13,000 employees in more than 50 countries, Crédit Agricole CIB offers its clients a comprehensive range of products and services in capital markets, brokerage, investment banking, structured finance, corporate banking and international private banking.

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Why did the bank select Calypso Technology?

“A large differentiator was the platform architecture, which was important to us as the system had to support real-time, 24/7 trading around the globe, with volumes and product ranges expected to increase. Most importantly, we needed a partner, not just a software vendor. Crédit Agricole has a history of working with Calypso Technology. Following the initial signing of a real time STP back office system for fixed-income in May 2000, we decided in 2006 to extend our usage of Calypso to create a strategic back office platform for treasury, FX and FX derivative products to support the business’ global nature, allowing multi-currency, multi-time zone and 24/7 trading. In 2008, we extended our contract to use the Calypso system for global cash management. Throughout our relationship, Calypso has proven itself to be a truly global company, who understands our requirements for local adaptations in particular for the Asian and Eastern European markets.”

What was the scope of the project?

“We were implementing the Calypso system for central back office processing of Treasury and FX derivative products, including MM, Call notices, FXSpot, FX Options, FXForward, FX Swaps, FxNDF, IRS, CIRS, Cap/Floor, FRAs, Bonds, Repo, Issuances and Futures. Given the global nature of the project, the system had to adapt to local market requirements in particular for reporting, accounting and local regulations. The back office position management tool enabled us to deliver regional reports on outstanding positions and assess exposure levels with risky counterparties across geographies and product lines. The system was also required to interface to a wide range of existing systems, including payment systems in the various countries, Swift Accord and Target II.”

How were you able to implement a central solution and still meet local requirements?

“The Calypso Workflow management is very powerful. We initially defined general workflow rules and then customized these where required, for example, by product, legal entity, currency, limits or by the necessary control level. The workflow rules work on three different levels; for trades, messages and transfers. The configuration is very intuitive and can be done on-the-fly without necessary coding.”

What were the key challenges?

“The system installation was managed centrally where workflows, messages and reporting templates were standardized. The Calypso system was very flexible during this stage, allowing the bank to meet local requirements with minimal investment. However, the culture and the ways of working varied a lot between countries, which presented some challenges. Each branch had to be trained and tested on-site. We had to define user groups and access permissions, meeting stringent legislation and control. Given the scale of this project and its challenges, the Calypso system met our requirements out-of-the-box and demonstrated first-class ease-of implementation.”

What benefits have you seen from an IT perspective?

“Our back office infrastructure has become markedly more streamlined, since we have now been able to decommission a number of systems and significantly reduced the number of interfaces. The global centralized location allowed us to start trading new products and enter new markets quickly. Also the remote access is provided through Citrix, which has brought two main advantages: new system versions are easily rolled out around the world and the bank can save network bandwidth. This has all resulted in significantly reduced IT costs while we can ensure that the business has a reliable and secure infrastructure to support their trading activities.”

Global Implementation

With the system implementation project completed in 2010, users now have access to a centralized back office, cross-asset platform in 23 locations worldwide:

EMEA: Algeria, Bahrain, Czech Republic, France, Hungary, Poland, Russian Federation, Slovakia, South Africa, Turkey, Ukraine, United Arab Emirates and United Kingdom

APAC: China, Hong Kong, India, Japan, Republic of Vietnam, Singapore, South Korea, Taiwan and Thailand

AMERICAS: New York

