IBM Financial Services Sector
Global Financial Markets
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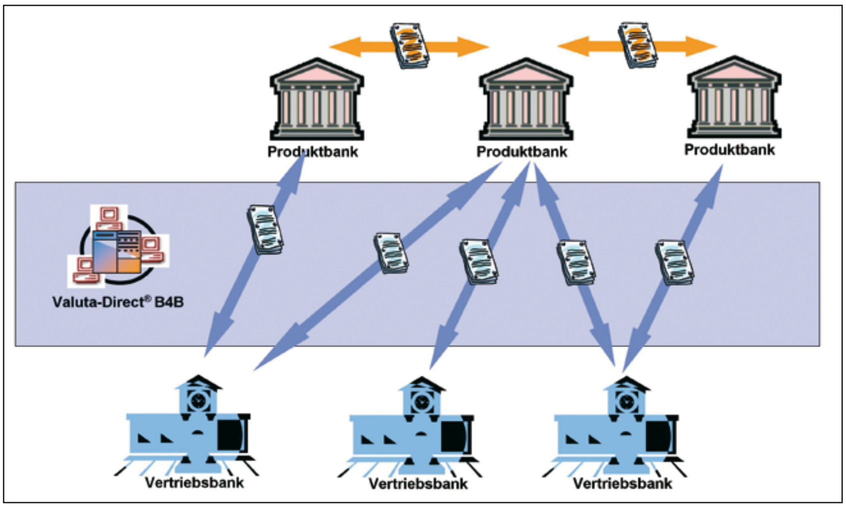
Foreign Exchange and Money Market Deals on Demand – Fundamental Changes Call for Revolutionary Answers



Highlights

- ***Financial institutes are forced to reconsider their real net output ratio due to decreasing margins and raising requirements.***
- ***Smaller institutes are not able to practice ‚full scale FOREX sales and trade operation'.***
- ***Unless the bank can process enough transactions, it is more lucrative to focus on the customer loyalty.***
- ***IBM Valuta-Direct® B4B offers a customizable solution tailored for several execution desks with professional functionality in the areas of foreign exchange and money market.***

Situation in financial industry

In the financial industry the trend can be identified that the universal banks increasingly check and break their value-added chain, and decrease their vertical range significantly.

In the back office this transformation process has already been well advanced. Transaction banks take over the handling of securities business, payments and loan processes for other market participants.

Changes are in great demand

The transformation of the value-added chain will not stop before front office. Decreasing margins and increasing requirements to quality and product range at the same time prevent from achieving the target to enduringly change the cost structures and to increase the competitive ability.

In the front office often there are no standardized processes which would clearly separate consultancy and sales from the trade- and execution-oriented jobs.

Transformation in the front office – from vision to practice

The reorganization of these sales processes will breed sales and production banks as well as modified structures and workflows. The result of this transformation will exactly correspond to what we at IBM call the on demand business model.

What are the benefits of the split into sales and product banks?

The sales bank can focus on marketing the FX and MM products. By integrating the best products and services the bank creates a competitive advantage. The customer's interest is in the focus, a high quality of consultancy gets standard and enhances customer loyalty.

The product bank positions itself as product specialist in FX and MM business. By automation of pricing and transaction processing involving the back office processes the bank achieves considerable saving of costs, which are rewarded by additional business in the network of the sales banks with increasing total revenue and profit.

IBM proposal

IBM Valuta-Direct® B4B

The business functional range as well as the technical features of the trading system developed by IBM captivate by innovations which enable not only the traders but also the customer advisors as well as the corporate clients and private investors to participate directly in the market.

Besides the usual standard functionality in the area of FX and MM as well as functions like deal splitting, block trade, prematured conclusion and prolongation, additional features are available for the users:

Price engine

The price engine calculates the bank rates on the basis of feed rates and rate appendices for special periods. Possible calculations contain the calculation of broken date rates, rate premiums and the determination of dates for period end and first interest date, costs for prematured conclusion and interest rate forward deals.

Real-time FX price info

The user gets a compact page with rates for spot, outright and swap deals, the currency pairs to be displayed can be configured individually, the rates can be updated in adjustable intervals (polling) or in the real-time broadcast method via IBM NET.Push technology.

Click to deal

This functionality offers the opportunity to move from the FX price info page to the desired deal capture mask with only one click. There, the desired deal can be set off via the buttons 'Rate update' and 'Confirm' to react on market fluctuations in seconds.

Limit orders

Decided Valuta-Direct® module for capturing, monitoring and automatic as well as manual execution of limited orders including the combination of orders (OCO/OSO).

Multi execution desk ability

offers the possibility to the banks to cooperate with other product banks or to operate several execution desks themselves, e. g. in different time zones to expand the product range or to be able to provide longer trading hours (7x24 h). In connection with the limit order module, the limit orders can be exchanged between the trading units all over the world.

Services for IBM Valuta-Direct® B4B

IBM can fall back on wide experience in planning and implementing trading solutions. On the basis of Valuta-Direct® B4B, IBM Business Consulting Services is able to generate individual and integrated solutions with short project duration and an attractive price. Our services reach from process and concept consulting to design, implementation and integration into the existing environment. If required, IBM takes over the operation of the solution.

IBM expertise

As the leading IT and IT consulting company, IBM offers its clients the complete value-added chain of solutions in the area of banking, financial markets and insurance. IBM conducts the companies from the very beginning through all project phases: This includes the complete spectrum of business consulting services, software, hardware, system analysis and design up to implementation and operating of the solution as well as project management. The financial industry thereby uses the expertise of more than 1000 bank specialists in German-speaking countries.

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