

Client Case Study

Overview

Our client is a leading financial institution that provides sophisticated financial instruments to institutional and retail clients across Europe. The bank offers a broad range of products, including reverse convertibles and other popular structures, establishing itself as a top name in the region's structured products niche.

To build and scale its equity derivatives business, the bank required a powerful, flexible and reliable analytics library. Seeking a solution with broad asset class coverage and a strong market reputation, the firm partnered with Numerix in 2010. This long-standing collaboration has assisted the bank in navigating evolving market dynamics and expanding its structured products business for over a decade.



Driving Long-Term Growth in Structured Products with Numerix CrossAsset

Challenges

As the bank embarked on an expansion of its structured products business, it faced the need for a robust and scalable technology foundation. The primary goal was to implement an analytics solution capable of handling complex equity derivatives with precision and efficiency. Key challenges included:

Need for Comprehensive Asset Coverage

To support its growth ambitions and diverse product offerings, the bank required an analytics library with broad multi-asset capabilities. The initial focus was on establishing a strong foundation for its equity derivatives desk.

Scaling a Growing Business

The firm was scaling its structured products operations on a larger scale. This required a pricing and risk engine that could not only meet current demands but also grow with the business, adapting to new products and changing market requirements over time.

Ensuring Pricing and Risk Accuracy

Delivering competitive and accurately priced products to clients was paramount. The bank needed a solution that could provide reliable market data calibration, Monte Carlo price calculations, and comprehensive sensitivity analysis for in-house risk management.

“As our business grew, we needed a solution that could keep up. Numerix CrossAsset has been an essential tool for us to adapt to changing requirements over the past 15 years.”

Quant Lead, European Financial Institution



Solution: Numerix CrossAsset

Numerix's CrossAsset library was chosen to power the bank's equity derivatives desk. The decision was driven by Numerix's strong reputation in the analytics space, comprehensive asset coverage, and the well-architected nature of its solutions. The implementation provided the technological backbone needed to scale the structured products business effectively.

Numerix CrossAsset is deeply integrated into the bank's daily operations, from front-office pricing to back-office risk management.

Core capabilities utilized include:

- **Product Pricing:** The bank leverages Numerix for pricing its wide array of structured products, ensuring accuracy for both client-facing quotes and internal valuation.
- **Market Data & Calibration:** The solution's market data calibration tools are used to align models with current market conditions.
- **Risk Management:** Numerix analytics are integral to the bank's risk management framework, including sensitivity analysis, mark-to-market processes, and other internal risk reporting.

The partnership with Numerix provided a flexible and powerful analytics library that has stood the test of time, enabling the bank to continuously meet its business objectives.

Key Results

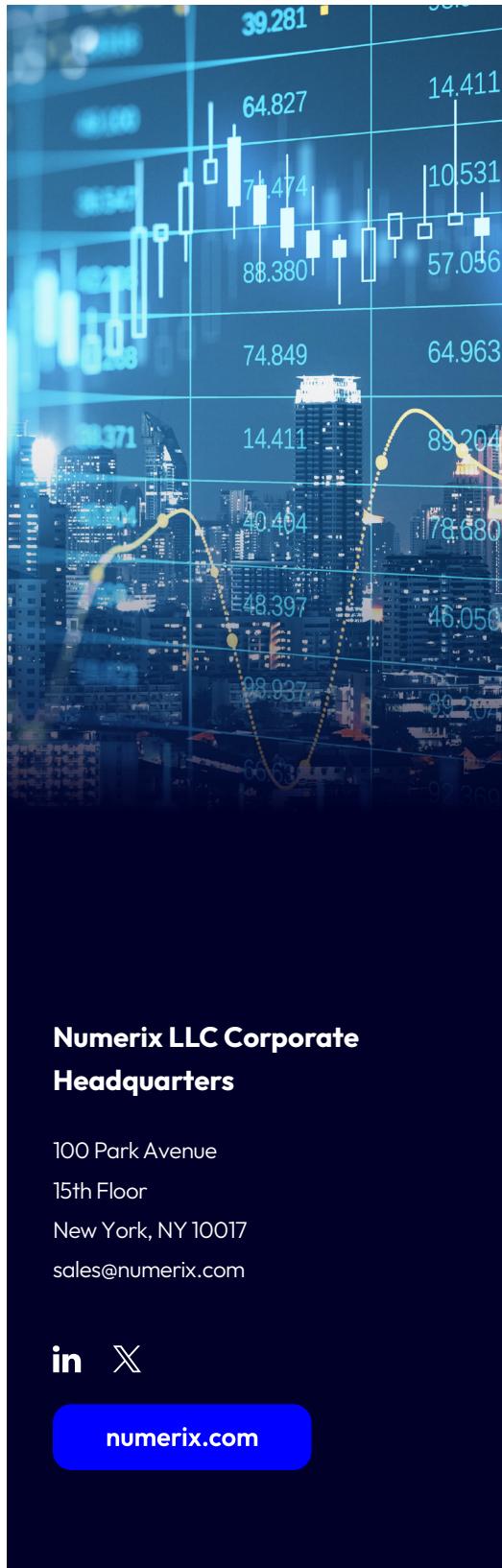
The integration of the Numerix CrossAsset library has been a cornerstone of the bank's structured products initiatives for the past 15 years. The library has delivered significant, long-term value in operational stability, business growth, and risk management.

Long-Term Scalability and Adaptability

The flexibility of the Numerix library has been a key factor in the partnership's longevity. As business and market conditions evolved over 15 years, the bank was able to meet the new requirements.

Enabled Business Growth

Numerix provided the necessary tools for the bank to successfully scale up its structured products business. This technological foundation was critical in establishing the bank as a top structured products provider in their target market.



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Comprehensive Risk & Pricing Framework

The solution provided a robust framework for the entire product lifecycle, from initial pricing to ongoing risk management. This has ensured accuracy, consistency, and confidence in the bank's trading and risk operations.

Enduring Partnership

The 15-year relationship is a testament to the functionality and reliability of the Numerix software. Despite the natural evolution of business needs, the core solution has remained a core part of the bank's infrastructure.

Looking Forward

The bank continues to rely on Numerix as a key technology partner for its structured products business. It trusts that Numerix will keep evolving its library in line with industry trends, ensuring the partnership remains strong and the bank is well-equipped to meet future market demands.

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