

System to Evaluate Derivates Transmitted to Banca d'Italia

The customer: ITACA Service S.p.A.

ITACA Service S.p.A., founded in March 2000 from a joint venture between Accenture and Banca Italease (Italease Group), is engaged in managing reporting of the Group, with the possibility to extend these services to other financial traders too. Particularly, among the activities of ITACA Service S.p.A. are operating management, maintenance and application software development services.

In this case ITACA Service S.p.A. collaborated with Accenture to complete the project.

The problem

Following the enforcement of a new law, leasing companies who buy derivatives are obliged to communicate to Banca d'Italia the amount of their future credit exposure and to evaluate complex derivatives they have in portfolios to cover and manage their financial standing. In the scope of Banca Italease's financial management, it has to conform to these procedures and to have satisfactory pricing libraries with which to integrate the functionalities of the accounting system, in order to evaluate derivatives.

To that end, ITACA Service S.p.a. and Accenture chose FMR Consulting as a specialized partner in this field.

The solution

In order to solve the problem, FMR Consulting completed preliminary research to examine the technologies already implemented by ITACA Service S.p.A. and investigated legal requirements.

Following this research, FMR Consulting decided that the best solution was to create a personalized calculation system (based on calculation libraries FMR3000) integrated with the system for the automatic transmission of the data to Banca d'Italia jointly made by ITACA Service S.p.a. and Accenture.

The advantages

FMR Consulting was able to create in a short time a completely automatic, reliable, tested and flexible system that supports very complex calculation.

The sophistication of the system is obvious not only with reference to the kinds of calculations, but to the financial instruments evaluated too.

The financial instruments are very complex derivatives such as: cap, floor, roller coaster swap, zero coupon swap, amortizing swap and basis swap.

The company

ITACA Service S.p.A.

Field

Company skilled in managing reporting

Type of application

Integration project between systems used by ITACA Service S.p.A. and FMR Consulting's technologies in order to allow reporting to Banca d'Italia

FMR Solutions

Component to measure future credit exposure and to calculate complex derivatives' present value, according to the specification given by Banca d'Italia

Used FMR products

- FMR3000 calculation libraries

System advantages

- based on completely automatic, reliable and tested calculation libraries
- high flexibility
- supports very complex calculations and instruments to evaluate

Development system

- Visual Basic

Partnership

- ITACA Service S.p.A. – www.itacaservice.it
- Accenture – www.accenture.com