

Improving Overall Break Accuracy for Critical Reason Codes and Mitigating the Risk Exposure for a Leading US-based Company

The client is a Global Custodian headquartered in the US



Challenges

- Trade Management process was highly manual and required lot of paper work due to absence on any tool.
- Since early 2013, Reconciliation process has been experiencing high pileup of breaks and very low accuracy around threshold breaks.
- Given the inherent risk involved, entire process was moved to lowest satisfaction level as per Client feedback. It was of utmost importance to increase the accuracy around escalation breaks to ~80% and reduce the breaks around critical reason codes for overall risk mitigation.

Process Handled

- Process Supported are Trade Management, Corporate Action, Security Master File, Portfolio Compliance, Schedule Of Investments, Reconciliation, Fund Accounting, Billing
- Fund Accounting Cash Reconciliations process involves reconciliation between custody and accounting records.
- ~3500 funds (100 clients) are serviced. Post reconciliation, two major activities are performed: Break Resolution and Settlement of Past Dues



Solution

- Introduction of Workflow tool to support client's business needs. This implementation was carried out across technology, process & people.
- Process knowledge assessment & Implementation of regular training and refresher sessions
- Creation of robust knowledge repository which was updated on real time basis
- Creation of automation tools to track the escalation break, analysis of trends to identify key pain areas and develop an action plan accordingly
- Analysis of trends, at an accountant level and redesigning of work allocation
- Analysis conducted on team capacity. Business proposal was proposed for additional FTEs along with change in the FTEs mix
- Skill set enhancement of the team members

Benefits Delivered

- Reduction of 30% of headcount
- Process offshoring due to digitalization
- Age Break Accuracy improved from 40% to over 80% for a large custodian.
- **Reduction of Risk in Fund Accounting Cash Reconciliation process worth USD 11.5 Million.**
- Enhancement of accuracy and Efficiency
- Skill set Enhancement
- Creation of Center of Excellence
- Knowledge Repository creation



\$11.5 Mn
Worth of risk reduced



30%
Reduction in
headcount



80%
Age break accuracy
from 40%