

Impact Story – Derivative Structuring

Europe-based Investment Bank



Client requirement

A capital markets solutions group providing hedging solutions to leading global corporations using its derivative products was looking for offshore support in the following areas:

- » implement derivative pricing models and optimal capital structure analysis using the Monte Carlo simulation framework to offer bespoke hedging solutions
- » simulate interest rates, FX rates and commodity prices to arrive at expected cash flows for derivatives (IRS, CCS, caps, floors, FX forwards, commodity forwards, etc.) and synthetic positions
- » provide additional bandwidth to accommodate increasing demand from clients and scale up solution potential using sophisticated quantitative modelling

How we solved the problem?

- » Assigned a team of 4 math modellers and 2 technology resources
- » Built a Monte Carlo simulation framework for the derivative pricing models
- » Developed, tested and implemented the framework
- » Provided necessary training to client users

How we benefited the client?

- » Helped the bank increase annual bespoke hedging pitches to 150 in 2015 from 30 in 2013
- » Helped the bank add interest rate, forex and commodity hedging to its suite of services
- » Enabled new users to operate with minimal training through a scalable framework
- » Provided necessary flexibility to the bank's resourcing strategy

About Moody's Analytics Knowledge Services

We enable global financial organizations to innovate and transform in an ever-changing world. Our combination of subject matter experts and technology solutions drive operational efficiency, and seamless scaling. Providing customized solutions is in our DNA – solutions that have a tangible impact on our clients' top-line and bottom-line, enabling them to achieve more with less.

Our clients include leading financial institutions, asset managers, Fortune 100 corporations, mid-tier companies, and boutique investment banks. We support over 150 institutional clients through our team of 2,600+ employees and our global delivery centres, located in close proximity to our clients.