

Technology and Collateral Management: Why We Need to Embrace Automation in STP

By Mark Demo, Head of Community Development at Acadia

Vast improvements in technology allow firms to manage collateral more seamlessly than ever before. Technology facilitates automation, while automation facilitates speed, scale, accuracy and straight-through-processing (STP). And this trend is showing no signs of stopping. Firms now have access to highly automated collateral management that helps them become more efficient than ever before.

In today's more volatile markets, the use of automation for collateral operations is essential. Automation takes the time-consuming manual tasks that were previously stumbling blocks to an efficient process, automates them and presents management with data and STP exceptions that were previously not visible and or available. This allows firms to make faster and more informed decisions.

Before automation practices and systems were in place, every margin call, every collateral validation check and every movement had to be processed manually, leading to errors and inefficiencies. A strong STP system architecture allows firms to analyze a transactional problem and process a solution automatically.

However, not all firms have embraced automation and technology in collateral management. Acadia estimates show that there are still some 20% of current OTC market participants that still rely on email and spreadsheets, showing additional room for growth and efficiency. With the Unclear Margin Rules in the final stages of implementation, now is a great time for firms to make the leap.

Acadia is constantly working to develop ways to improve operations and reduce cost in collateral management and across the entire margin and collateral process. By integrating Collateral Manager with Acadia's Margin Manager to manage the margin call process and IM Exposure Manager – the industry standard for reconciling initial margin, firms can achieve a completely automated and integrated process across both initial and variation margin. Firms that implement automation now will benefit from more streamlined operations and will better adapt to regulatory changes.

As Acadia leads the industry towards a holistic approach to risk management, now is the time for the industry to embrace automation.



About Mark Demo

Mark D. Demo is Head of Community Development at Acadia and an integral part of the Strategic Development organization. Mark has more than 20 years' experience in the OTC Derivatives market and has served as a co-chair of the ISDA Collateral Steering Committee. He has participated on International Swaps and Derivatives Association (ISDA) working groups and has been involved in developing changes in collateral operations associated with financial regulations under Dodd Frank and EMIR. Mark is a collateral subject matter expert who is now focusing on new product development and overseeing client and prospect engagement programs across Acadia's new and existing services.

For more information please visit us at [acadia.inc](https://www.acadia.inc)

Or email us at info@acadia.inc

Boston
93 Longwater Circle
Norwell, MA 02061

Dublin
54 Fitzwilliam Square,
Dublin, D02 X308

Düsseldorf
Maurenbrecherstrasse
16, 47803 Krefeld,
Germany

London
Broadgate Quarter
One Snowden Street
London EC2A 2DQ

New York
1450 Broadway
7th Floor
New York, NY 10018

Tokyo
Level 11 Aoyama Palacio
Tower 3-6-7 Kita-Aoyama
Minato-Ku, Tokyo 107-0061

Follow us:

