

Derivative Structuring for a Europe Based Investment Bank

350K annualized cost savings

5x increase in annual bespoke hedging pitches

Scalable framework

CLIENT CHALLENGES

- A large European [investment bank's](#) client solutions group – providing [hedging solutions](#) to leading global corporations using their
- **derivative products - was looking for offshore support in the following areas:**
 - implementing [derivative pricing models](#) and optimal capital structure analysis using the Monte Carlo simulation framework to offer bespoke hedging solutions
 - simulating 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
 - providing additional bandwidth to accommodate increasing demand from clients and scaling up solution potential using sophisticated [quantitative modeling](#)

OUR APPROACH

- 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 the bank's users

IMPACT DELIVERED

- 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 by providing technical assistance
- Enabled new users to operate with minimal training given scalable framework
- Provided necessary flexibility to the bank's resourcing strategy

About Acuity Knowledge Partners

Acuity Knowledge Partners is a leading provider of high-value research, analytics and business intelligence to the financial services sector. The company supports over 300+ financial institutions and consulting companies through a team of over 3,000+ subject matter experts who work as an extension of the clients' teams based out of various global delivery centres.

We empower our clients to drive revenues higher. We innovate using our proprietary technology and automation solutions. We enable our clients to transform their operating model and cost base.

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