

# Clearstream Spotlight

## Banks lose €4 billion a year through collateral management inefficiency



Up to 15% of collateral available to financial institutions is left idle costing the global industry more than €4 billion a year, according to a study by Clearstream and Accenture.

Inefficiencies in banking collateral management systems – many organisations have no overview of their collateral – prevent consolidation of collateral pools, both within organisations and externally across multiple locations. This fragmentation results in institutions being unable to monetise all their available collateral and so forces them to limit their operations or search for increasingly expensive unsecured sources of funding.

The cost estimations are based on research carried out in March this year – but upcoming regulatory changes are set to make collateral even more expensive and so will lead to an even greater cost to the industry.

The independent study involved 16 Europe-based global financial institutions which together hold around €14 trillion of assets (assessed at around 20% of the estimated total assets of the global banking system).

The study concluded that the main failing for most institutions was they often lacked a single point of control over all collateral management activities. Optimising collateral is an enormous technological challenge for most organisations and many are unable to deliver the cheapest possible collateral to each liquidity or funding point where needed.

The complete Accenture study is available on the Clearstream website: Global Securities Financing/Collateral management services.

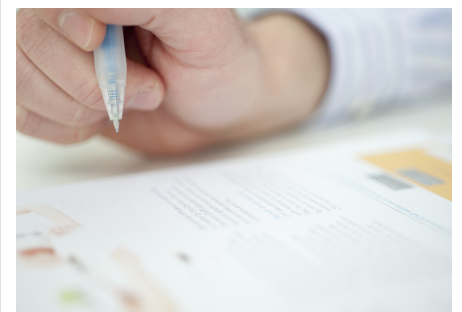
## Clearstream and DTCC in new partnership

Clearstream is joining forces with DTCC to enhance the Loan/SERV product for the registration and reconciliation of bilateral loans.

The two companies will focus on integrating Loan/SERV's upcoming bilateral loan module with Clearstream's collateral management platform in order to enable Clearstream customers to mobilise their bilateral loan portfolios as collateral with their respective national central banks.

The development will also extend the potential types of assets to be used as collateral in interbank triparty transactions, according to the long-standing recommendation of the ICMA European Repo Council.

Clearstream will begin to offer the Loan/SERV Reconciliation Service in the first half of 2012. This service automates reconciliation enabling agent banks and lenders to view and reconcile syndicated loans on a daily basis.



### More information

For more information on these topics, please contact your Relationship Manager. If you would prefer not to receive our email news, please ask your RM to remove you from the mailing list.