



Take it to the bank



Client story

Client
Major global bank

Sector
Finance

Project
Finance risk management



Client challenge

E-trading can be risky. Something as seemingly simple as a software error that slips into a system can bring a high-flying firm down to earth quickly. Some trading companies have discovered that truth the hard way, and they paid a high price. Our client didn't want to make the same mistake. So in a trading world that relies on lightning-fast decisions and where a technical glitch can crash markets, this global banking client asked us to provide an independent assessment of its foreign-exchange, equities, and options trading systems; find areas of risk; and identify opportunities to reduce those risks.



Client results

Our assessment of the trading platforms and our client's decision to implement our recommendations and transform its operations have reduced its risk significantly. The firm has taken steps to ensure its business and technology groups work more closely together, identified older systems that needed to be replaced, and made significant investments to modernize its operations. The business also reduced complexity, improved controls, enhanced documentation and retention practices, and improved governance and communications across teams.



KPMG advisor insights

Create seamless handoffs

In our digital world of 1s and 0s, the weakest links are the people who create the computer models and write the software code. To strengthen those links, the handoffs between teams should be smooth and coordinated. Roles, responsibilities, and relationships need to be clearly defined.

Build safety nets

Assume that human error will creep into your digital operations at some point. Incorporate computer systems that check each other and that are aware of the health of upstream and downstream dependencies.

Operate as one team

In some companies, business and technology groups operate in silos. But to reduce risk in the world of e-trading, they must work together closely. Incentive structures, goals, and deliverables should be aligned. Reporting structures should be integrated. Technologists should understand the business and business people should understand the technology.



The project

Faced with the challenges of reducing risk, improving profits, and competing in an increasingly fast-paced environment, this global bank engaged KPMG to help reduce its risk. Our involvement included:

- Holding multidisciplinary workshops—covering the areas of business, quants, technology, risk, legal and compliance—to determine the organization’s appetite for risk. We used a proprietary KPMG model to facilitate the discussion.
- Objectively and quantitatively determining the relative risk for each system and business area.
- Selecting the highest-risk systems, then identifying the business control, architectural, and testing gaps.
- Completing a line-by-line review of more than 10,000 lines of code to ensure that system was acting as originally envisioned and designed.
- Assessing the working environment and dynamics between the teams involved in day-to-day use and operations of the systems. Assessments included the trading, sales, application development, and support teams.
- Presenting and justifying recommendations directly to Steering Committee—which included the head of the business and the chief information officer—and gaining acceptance of need for transformative change.



If you are interested in learning more about this case study, or if you are experiencing similar issues, please contact us.

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