

Highly Commended Winner

Best Fintech Solution

Cisco Systems

US

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Cisco hails novel automated solution for unsecured manual settlement processes

The challenge

As a treasury technology leader, Cisco was looking to streamline its day-to-day investing processes. The settlement process for money market fund trades required multiple signatures, faxes to the custodian and manual entry of the transaction details. Multiple parties would touch and key in information, and the outdated fax process was time consuming.

Possible risks associated with this manual process included the entering of incorrect information, late or failed wires for trades, and potential overdraft fees.

To solve this challenge, Cisco needed to find a solution that would automate the settlement process and, along with this, eliminate the need to send faxes to the custodian.

The solution

Cisco collaborated with its portal provider (ICD) on a solution to address the challenge. After much R&D, collaborating with fund providers, banks and custodians, ICD launched its patent-pending AutoPay. It offers a technological advancement for corporate treasury departments that increases efficiency by securely automating wire settlement from approved ICD portal trade orders.

The automated settlement feature enables organisations to enter purchases on the portal and simultaneously authorise a secure wire settlement disbursement from their bank.

Best practice and innovation

AutoPay's key differentiator is its proprietary TrueMark Encapsulated Security Token (EST) technology that locks in approved cash channels and requires a SWIFT message with matching bank details before wire requests are forwarded to the client's bank. AutoPay mitigates the risk of cybercriminals, rogue traders and/or human error of sending funds to unapproved destinations.

TrueMark tokens provide a means to preserve, protect and enforce, in the transaction process, authorised AutoPay destinations. Authorisation commences when ICD clients apply their own digital signatures to discrete data objects each identifying a "cash channel",

or the combination of exactly one entity bank account (held by the client) and exactly one counterparty bank account (eg held by a clearing firm or fund company).

To continue with the process, ICD encapsulates the client's signed data object by applying an ICD Holdings, LLC digital signature to the combination of the client's signed data object, and an identifier for exactly one client trading account on the ICD Portal Platform.

The resulting TrueMark token, a data object featuring dual concentric digital signatures applied over a cash channel defined in its core, multiplies the security provided by a single digital signature. It is now ready to be used in securely validating the destination bank account in a SWIFT message sent using the specified ICD broker-dealer BIC.

The best practices achieved through AutoPay include moving from a multi-step approach to an automated workflow, resulting in efficiency and security.

Key benefits

By implementing AutoPay, Cisco's settlement process went from about 40 minutes per transaction to instantaneous once the trade is placed, culminating in potentially 23 hours of time savings per month and over 280 hours per year, which is roughly half of a full-time treasury professional. Instead of error-prone, low value work, Cisco repurposed that time to focus on high-value strategic treasury projects.

AutoPay optimises workflow efficiency; limits delay between order verification and settlement wire generation; and reduces the possibility of failed trades due to delays in the generation of settlement wires.

Cisco Portfolio Manager Chris Newman noted, "The automation functionality delivered by AutoPay allows our team to commit fewer resources to outdated settlement procedures while increasing our focus on risk management and improving investment returns."

AutoPay also reduces the possibility of manual data entry errors and secures the settlement process, mitigating the risk of attack from cyber criminals. And with ICD's electronic audit trail, the trades are easily exportable on-demand at any time.

Cisco Systems, Inc. designs, manufactures, and sells internet protocol based networking products and services related to the communications and information technology industry. The company employs 74,200 people globally.