



## Lombard Risk and Fortis Investments Team to Reduce Risk in Tighter Regulatory Environment

*Fortis remains innovative and agile despite growing number of collateral agreements with automated collateral management solution.*

Fortis Investments is the autonomous global asset management arm of the Fortis group. Founded in 1999, the company has become one of the world's premier asset management companies with €131 billion assets under management.

Managing more than 1600 collateral agreements with mostly manual processes has presented challenges amid an increasingly diversified client base and an expanding product line. While addressing the impact of its growth on its overall risk framework, it became apparent that collateral management was emerging as an important part of the risk picture.

### Change Calls for Innovation

Fortis is known for taking a proactive approach to managing risk, including operational risk. The collateral management function, which had been traditionally viewed as a back-office administrative function, was quickly becoming an important checkpoint for minimising credit risk. Like many asset managers, Fortis was dealing with a growing number of collateral agreements as a result of several factors including derivative products that were becoming more complex and a regulatory environment that was becoming more pervasive. They needed to take steps to mitigate operational risk associated with managing collateral in OTC derivatives transactions.

Fortis has a well-deserved reputation as an innovator among both private and institutional investors. It was important that changes to their collateral management process enhance their ability to be both innovative and agile. The solution was an automated collateral management system that could provide greater transparency of asset bookings and daily exposures, and more control over margin call processes and reconciliations. Finding the collateral management solution that would best fit their business became a high priority for the company.

### Flexibility, Ease-of-use, Experience

In June 2007, Fortis initiated a formal evaluation of the top providers of collateral management systems. They established three high-level requirements for their solution: wide product coverage, ease of use, and superior customer service.

Fortis Investments' collateral management team had margining responsibility across all of their product lines. Any solution they chose would have to deliver a consolidated view that would facilitate cross-product margining in a timely fashion. In addition, they wanted it to generate a comprehensive management view across the entire portfolio of collateral.