



## CASE STUDY

### UC TRADER, UNICREDIT'S SINGLE-DEALER PLATFORM

UniCredit is the largest bank in Italy; it also operates subsidiary banks across central and eastern Europe. UniCredit chose Caplin Trader and Caplin Xaqua to build its UC Trader single-dealer platform.

#### CLIENT

UniCredit is a leading European Bank with strong roots in 22 European countries as well as representative offices in 27 markets around the globe, with about 9,600 branches and approximately 162,000 employees.

In the CEE region, UniCredit operates the largest international banking network with around 4,000 branches and outlets.

#### PROBLEM

Enhancing UniCredit's ecommerce offering was a competitive necessity in order to capture efficiency improvements by handling simple trades online, releasing sales staff to handle more complex and higher value-added business.

UniCredit's unique set-up created a challenge to successfully integrate the platform across many different legal entities in Western and Eastern Europe, several dozen predecessor banks with different legal and data protection requirements, as well as historically separate IT infrastructures.

#### SITUATION

UC Trader, UniCredit's single-dealer platform (SDP), was designed to achieve three objectives:

- a competitive e-Commerce offering suitable for UniCredit's own circumstances,
- to recapture lost flow from internal businesses who wanted to trade electronically but couldn't, and
- to build a trading system to support UniCredit's "hub-and-spoke" business model, enabling group banks to re-brand the system with their own identity for their sales staff and customers.

UC Trader was built incorporating Caplin Trader and Caplin Xaqua, a single-dealer platform development framework in combination with other vendor-supplied and proprietary in-house development.

UniCredit chose Caplin's software because it would shorten the time to market and could be delivered with a relatively small development team. Initially designed just for the bank's own internal staff, UC Trader went live to a small number of internal users for FX spot, forwards and swaps at year-end 2009.

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Further requirements were compiled, including user feedback, and the second phase of the UC Trader project began in July 2010.

## OBJECTIVES

The second phase would provide functionality for the sales staff to handle customer trades more effectively on the SDP, and make it more suitable for use by external clients.

The key features that were required in this phase of the project were:

- Trading on Behalf of (“ToBo”) -to execute trades on behalf of a client using the client’s account.
- Risk Authorisation Service -to manage the bank’s exposure by polling the cash account balance of a client and pre-allocating a credit line before authorising a transaction.
- Group blotter - a single real-time view all of recent transactions for the entire sales team.
- Two-factor authentication - integrating a randomising token into the overall authentication process.
- Internationalisation - ensuring that the Caplin Trader front-end application could be translated into local languages.

## PROJECT IMPLEMENTATION

The joint project team consisted of around 10 people, five at UniCredit and

five at Caplin. Work was split between the teams to ensure best use of time and expertise. Caplin built ToBo and the group blotter while the UniCredit team implemented the Risk Authorisation service and two-factor authentication.

The product development teams, ensured that the product had an internationalised capability to support UniCredit’s deployment plans, with the platform available in many local languages.

## CHALLENGES

It quickly became apparent that the project as conceived was rather more ambitious than originally intended. This was compounded by additional requirements being identified during implementation.

This is not unusual in this type of project. Utilizing Agile development methodologies in the project helped control the work into two-week “sprints” whereby discrepancies were identified and corrected.

For example, ToBo was originally specified only for internal users to be able to trade on behalf of external clients. During development it was requested that similar functionality should be available for one client to trade on behalf of other units with the same business group.

While this project was being implemented, a newer version of Caplin Trader was released in the middle of the project. The team had a dilemma - did they stop what

they were working on and spend valuable time and effort implementing the upgrade? Or should they stick with the old version, save the upgrade time but pay the penalty in the time taken to continue to modify and test the system which they knew would improve with the new version?

The UniCredit team decided to implement the upgrade. The choice turned out to be a wise one - some of the new features contained essential functionality for further phases of the release and would reduce implementation times.

## GO-LIVE

The high point to date of the project was “go-live” in June 2011 with all the originally specified features, and more. By the end of the month UC Trader had added more than 1,000 firms and several thousand additional individual users in Europe and North America. New users are being added continuously; a significant proportion of the active traders are already external clients.

Because UC Trader is a “thin Client” application running in a web browser, it requires no add-ins; no administrator privileges and avoids the need for local IT support. UniCredit simply sets the user up with an account, accessing an internal credit system, provides a security token and login credentials.

## THE FUTURE

UniCredit has ambitious plans for UC Trader, including additional asset classes and rolling the system out in more countries and languages. Rebranded versions of the system front-end will be made available so that local users will still perceive that they are trading with their local UniCredit subsidiary, although all the transactions will be handled by the central trading system.

Ultimately, UniCredit anticipates tens of thousands of active corporate and institutional group customers using UC Trader, substantially reducing execution costs for the bank, realizing risk management and downstream straight-through processing efficiencies. Having a web-based, readily-branded, high-performance, real-time pricing and trading system reinforces the bank’s identity and competitive position in the marketplace.