

USE CASE

Payments

How Baton Systems' **Core-Payments** uses business-defined rules to give firms complete control over payments and settlements



Baton's Core-Payments is a suite of tools which transforms a bank's payments and settlements without requiring its counterparties or customers to invest in new technology or processes.

Core-Payments allows firms to automate and simplify the agreement of netted settlement amounts and automatically reconcile inbound payments as they are received. Using real time data, Core-Payments automatically checks, holds or releases payments based on the firm's choice of configurations, via smart workflows.

THE PROBLEM

A challenge faced by many firms is lack of real-time visibility into their settlement exposures at a counterparty level. Legacy processes which are still in use mean that it is entirely possible to make payments, in ignorance, to a counterparty which has failed to meet its own obligations.

The implications of this are not just financial – there may be serious regulatory and reputational repercussions.

Agreeing netting sets with counterparties, monitoring payment flows and the intraday evolution of settlement risk, approving payments and trying to maintain accurate visibility of available liquidity are all generally manual tasks that are not scalable or fully reliable whilst consuming considerable resources and driving up costs for FX market participants.

WHY BATON SYSTEMS?

Baton's Core-Payments brings real time connectivity and therefore real time visibility to the critical components of settlement management.

Core-Payments starts by automating and simplifying the process of agreeing netted settlement amounts, which reduces operational pressure and the risk of errors.


- Inbound payments are automatically reconciled as they are received, allowing a calculation of real time settlement risk exposure as well as a clear view of current and forecast funding requirements at the currency level
- Using this real time data, Baton's smart workflows automatically hold or release payments based on the firm's choice of configurations
- The solution is highly scalable and can be integrated seamlessly and non-obtrusively with legacy systems and processes, making implementation fast and easy

THE PLATFORM

Core-Payments' **Pre-Settlement Matching** module allows users to net transactions using configurable rules that are consistent with the approach of a firm's various counterparties. The solution can operate across multiple business silos, allowing for the easy netting of a variety of different obligation types.


1

Core-Payments then integrates with the processes the firm already uses to communicate with counterparties, whether email, SWIFT or other third party tools. Either to send out the pre-settlement values and consume an acceptance message, or to consume values sent by a counterparty, compare them with the values calculated by **Core-Payments** and provide acceptance. Of course, if the values don't match then the pre-settlement affirmation process is routed to a repair queue.




2

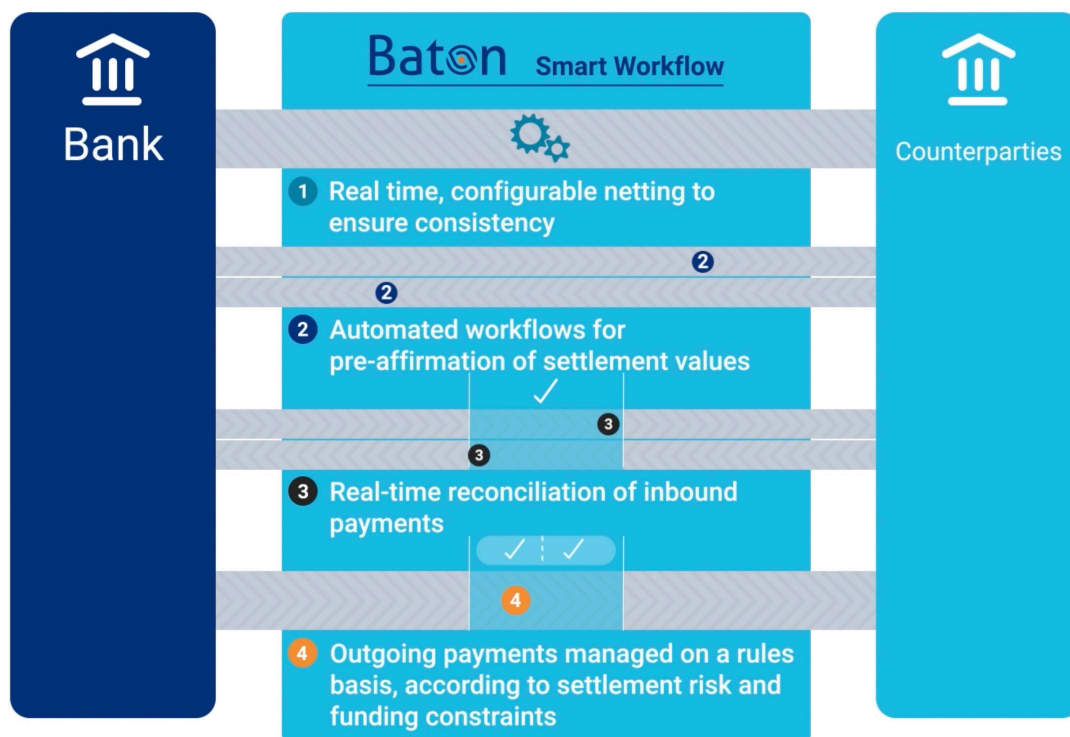
The **Settlement Monitor** provides a real time update of the status of incoming and outgoing payments, pulling together data on outstanding settlements alongside nostro account activity. It calculates real time settlement risk exposures for each counterparty and references these against your own risk limits. Configurable rules run in the background to check whether the release of each outbound payment would result in a breach of the relevant limit.



3

The **Liquidity Tracker** module uses the same real-time information feeds but views the data through the lens of available balances, by currency and by nostro account. Through the combination of real-time visibility and the configurable rules, it allows you to take greater control of your nostro funding, reducing the risk of accidental overdrafts or failed payments.



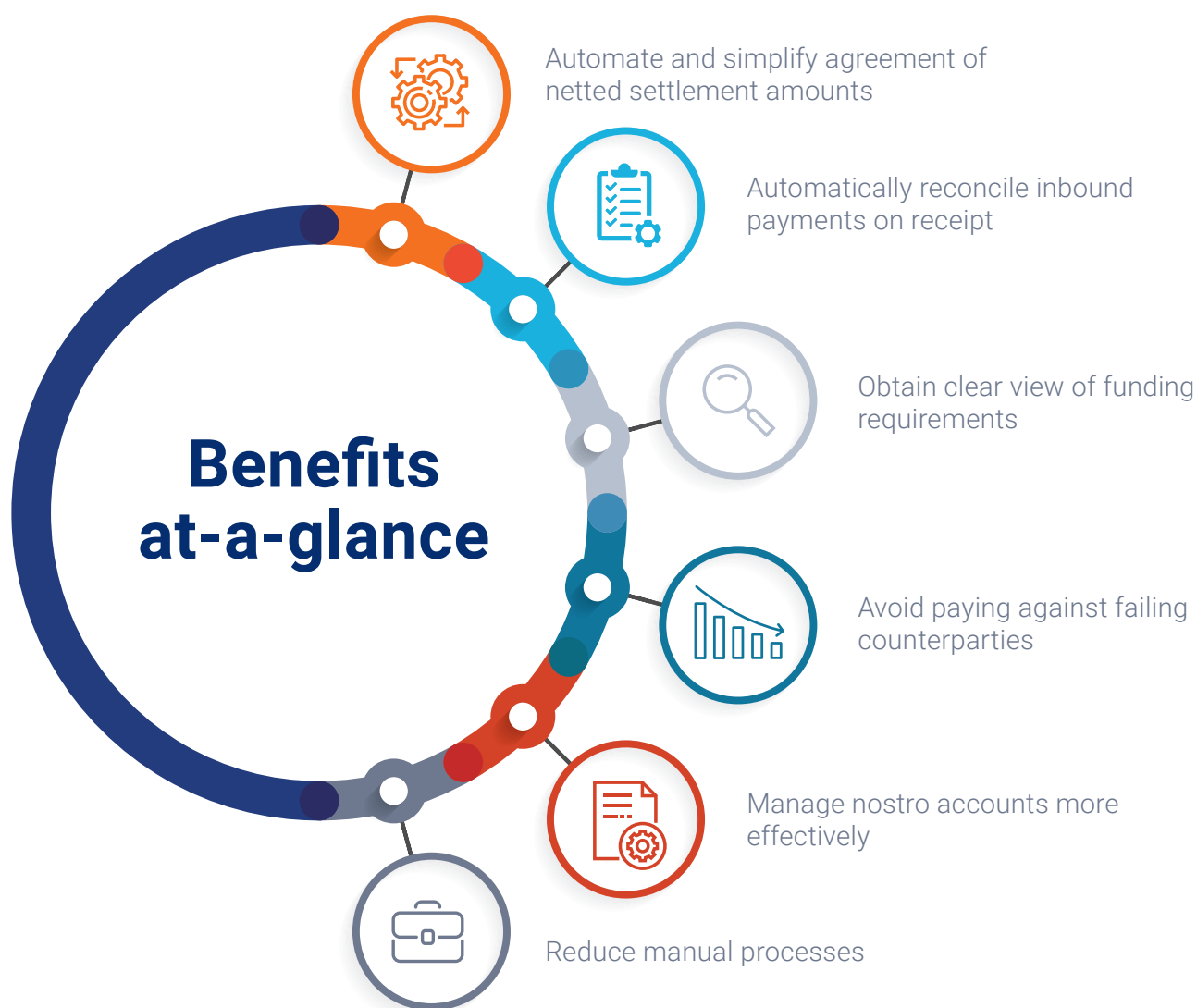


The **Baton CORE** solutions have been designed to be highly interoperable with existing systems. Most firms don't have the appetite or ability to rip out and replace their existing core systems, especially in one go. By integrating with key data sources (where possible, upstream of the legacy systems that are earmarked for retirement) , and through the deployment of Baton's highly configurable domain models, Core-Payments can be a key enabler of controlled but rapid technology upgrade.

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THE BENEFITS

With Core-Payments a firm can avoid ever breaching limits or paying against a failing counterparty. Additionally, nostros can be managed much more effectively with a level of control which means that expensive overdrafts or failed settlements can be avoided without the need to maintain large and expensive cash buffers. And all of this can be achieved with minimal manual input, leading to an overall increase in efficiency and productivity.



Book a demo: www.batonsystems.com/core-payments



About Baton

Baton Systems is revolutionising the entire front-to-back post-trade process, introducing interoperable and connected digital market infrastructures from trade matching through to settlement.

Empowering financial institutions to take control with automated, rules-based workflows, access to real-time information, and on-demand settlement, Baton is redefining what post-trade processing should look like: fully connected, friction-free, flexible and transparent.

Founded in 2016 by Silicon Valley technologists and capital market specialists, Baton's solutions are now being used by several of the world's largest financial institutions to facilitate the movement of billions of dollars of cash and securities on a daily basis.

Find out more at www.batonsystems.com