



MBIA Automates Cash Management with Integrity SaaS, Version 10

ABOUT MBIA INC.

MBIA Inc., headquartered in Purchase, New York is a holding company whose subsidiaries provide financial guarantee insurance and other specialized financial services. The company was founded in 1973 and has 101 employees. MBIA Corp.'s and National Public Finance Guarantee Corp.'s claims-paying resources were \$1.5 billion and \$4.1 billion, respectively, at March 31, 2018.

In January 2018, MBIA Inc. installed FIS' Integrity software-as-a-service (SaaS) solution to support cash and liquidity management, facilitate best practices in process automation and control, and enable high-quality decision-making. In the past, the cost and effort of adopting a treasury management solution (TMS) was prohibitive, but the development of SaaS-based solutions presented the opportunity to implement efficient, automated treasury technology with a relatively small budget.

Project background

Following the 2007-2008 global financial crisis, MBIA restructured its business in the light of financial losses on its credit enhancement and municipal bond insurance activities, leading to a more streamlined organization focused on servicing existing business.

Treasury is centralized in Westchester County, New York and supports both domestic and international cash and treasury management activities on behalf of the group. The company has around 200 bank accounts and although it is not taking on new business, there remains around \$125-\$150 billion worth of insurance exposure, with maturities up to 40 years, and \$5-6 billion in investments across various portfolios. Managing cash and liquidity to fund liabilities and cover claims, collecting installment premiums and salvage, and investing surplus cash efficiently are therefore key priorities for the treasury department.

Prior to implementing Integrity, MBIA's treasury used a series of spreadsheets to manage its breadth of activities. This led to large amounts of manual processing, which created particular challenges for a small treasury team, as well as the risk of human error. In addition, the company was reliant on a very few, key individuals to understand and manage these spreadsheets, creating further operational risk.

The decision to change

Joe Buonadonna, treasury director, MBIA, explains the background behind the decision to implement a TMS, "By 2016-2017, MBIA had sufficiently progressed, following the global financial crisis, to the point that the company was on a stable footing. As a result, we decided to undertake a project to optimize our cash management activities and implement best practices."

Implementing an efficient, automated treasury solution was a key element of this strategy. Although the treasury team had considered acquiring a treasury management solution in the past, the cost and implementation effort was prohibitive for a small team with relatively small transaction volumes. Buonadonna continues, "Today, SaaS-based solutions in treasury present a far more affordable option for smaller treasury functions without creating a major implementation or maintenance burden."

MBIA's treasury and IT teams worked together closely to review a variety of leading SaaS-based systems and ultimately, opted to implement FIS' Integrity solution. Buonadonna explains why MBIA chose FIS, "There were a variety of reasons behind this decision, including FIS' credibility as a vendor, positive references, and the quality and usability of the solution. We particularly liked the look and feel of Integrity compared with other systems, and FIS was able to show us the flexibility of the system in meeting our reporting needs very precisely during the system evaluation stage."

Outcomes and benefits

MBIA has devised its account structure so that each entity has one account per activity, such as payroll, premium collection, disbursements, etc. Producing a daily cash flow statement with activity on each account, reflecting each cash flow type, is essential for cash management purposes, and was a critical requirement. Previously, MBIA's treasury team needed to extract bank data manually and transfer each line into the cash position spreadsheet. According to Buonadonna, "Using FIS' Integrity, we can now produce the cash statement automatically, with rule-based mapping to add each cash flow into the relevant line. We then created pool groups to centralize cash at a group level,

which again is reflected automatically in the system, providing us with complete visibility and control over cash without the manual effort that we expended in the past."

In addition, the treasury team has developed custom reporting across its preferred date range and data grouping to present senior management with the precise view of information required for decision-making.

Since implementing Integrity, MBIA has already extended its use of the solution. The accounting team produces a regular cash account reconciliation report for posting to the general ledger. This report was previously sent to the treasury team and compared manually with the bank account statement. This can now be achieved automatically, an advantage that was not anticipated when first adopting the solution. Consequently, both the accounting and treasury teams are now benefitting from Integrity, whilst boosting the company's ability to comply with Sarbanes-Oxley reporting requirements.

Looking ahead, MBIA's treasury team plans to further enhance and consolidate its use of the system, including in areas such as cash flow forecasting. Most importantly, the company now has a robust and secure platform for cash and liquidity management that enables users to spend more time on analysis and decision-making, and therefore support the business more effectively, without the administration burden of the past.

INTEGRITY BENEFITS

- Automatic creation of daily cash position for cash visibility and control
- Automatic reconciliation with accounting department
- Compliance with internal and external governance requirements
- Flexible reporting to meet senior management needs precisely
- Reduction in manual administration and intervention
- Benefit of a leading system without an ongoing maintenance burden



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