Modern Operations in EIB

ECB Operations Managers Group
June 2024

Simon Defat, Head of Money market & Security Unit

European Investment Bank

Agenda

Back Office Reorganization

Innovative Projects – IA

Q&A

Focus on few initiatives

BUSINESS ENVIRONMENT & INFRASTRUCTURE	**TEAM REORGANISATION**
DIGITALIZATION & INNOVATION	**AI AND MACHINE LEARNING** 1. Predict the arrival time of future incoming payments to optimize prefunding and reduce costs 2. Automatically match cash flow and transactions confirmations

Back Office Reorganization

Merge of derivative & treasury back office

- **Pool homogeneity**

- **Visual ILU and management**

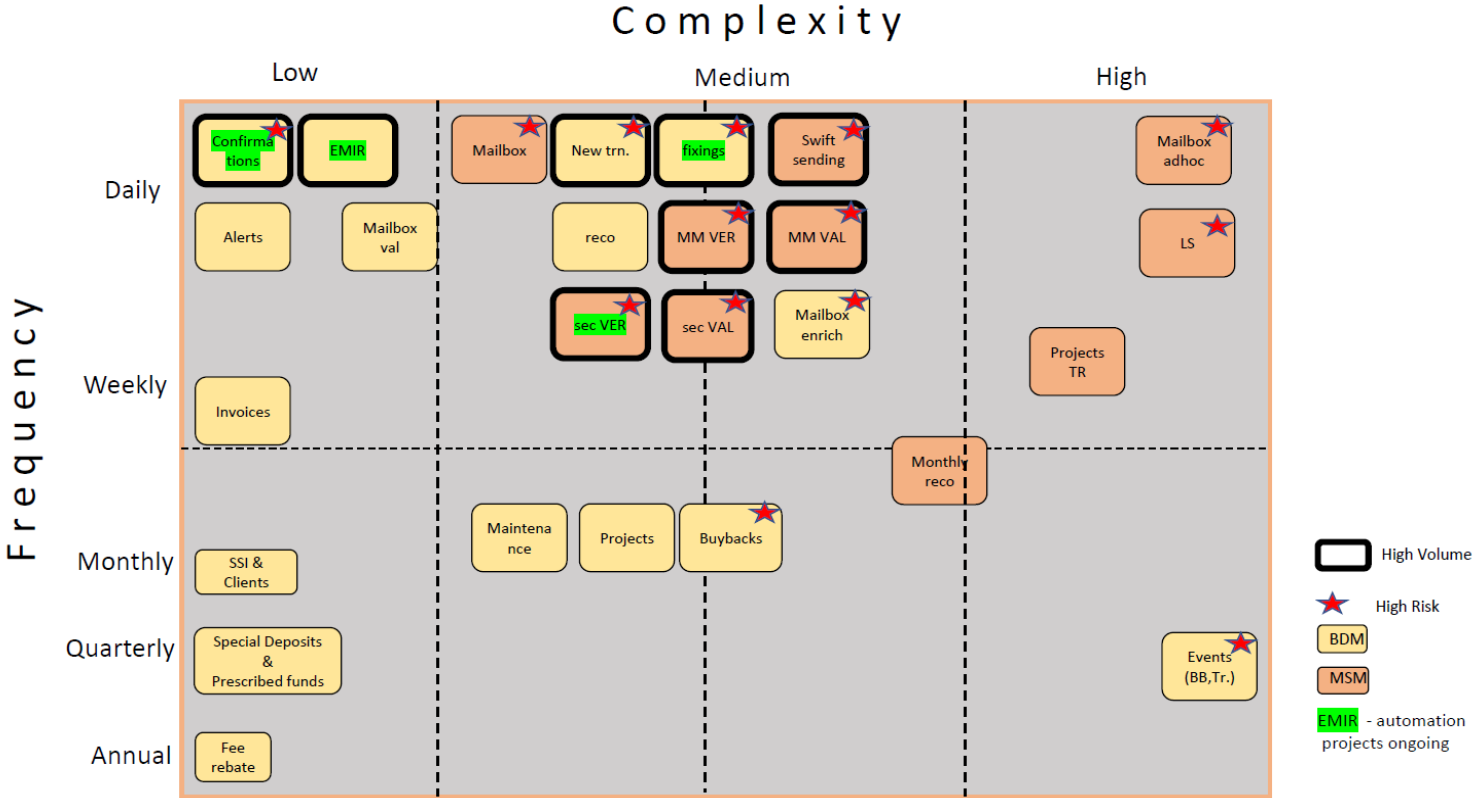- **Benefits measurement and evaluation**

Pool Homogeneity

The demands on the profile of the back office team members are changing:

1. **Automation**
2. **Pooling**
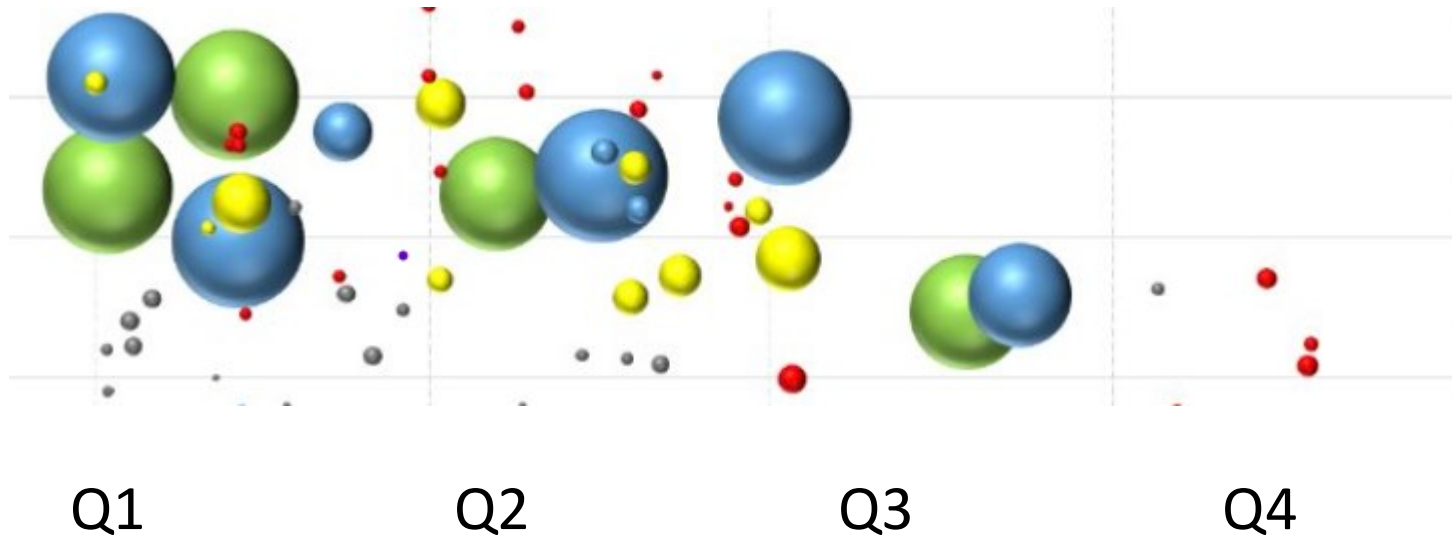3. **Innovation & Regulation & IT Security**

Goal: Homogeneous, professional-level staff capable of meeting today's challenges

Pool

Seasonality of the activity

Q1   Q2   Q3   Q4

ILU Management

- A visually simple table

- ILU matrix allows us to:
    1. Manage team resilience in unstable demand situation
    2. Manage individual development in line with needs

- Continous updates:
    - Regular review during team meetings of newly acquired competencies and need to refresh skills.
    - Guidelines/times for competency expiry (depending on task complexity/frequency)

- Availability also online

KPIs

A visual tool allowing us to see:
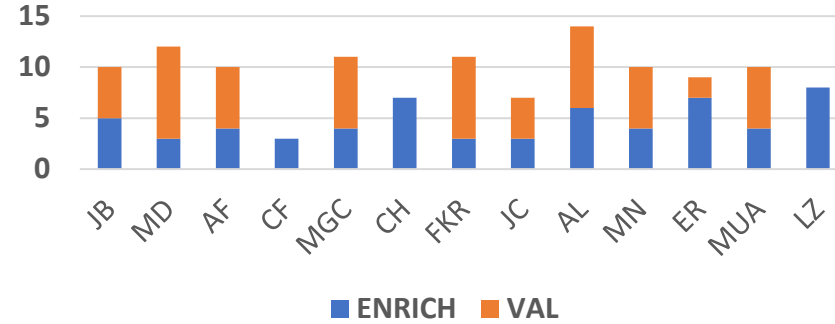
1. where we are

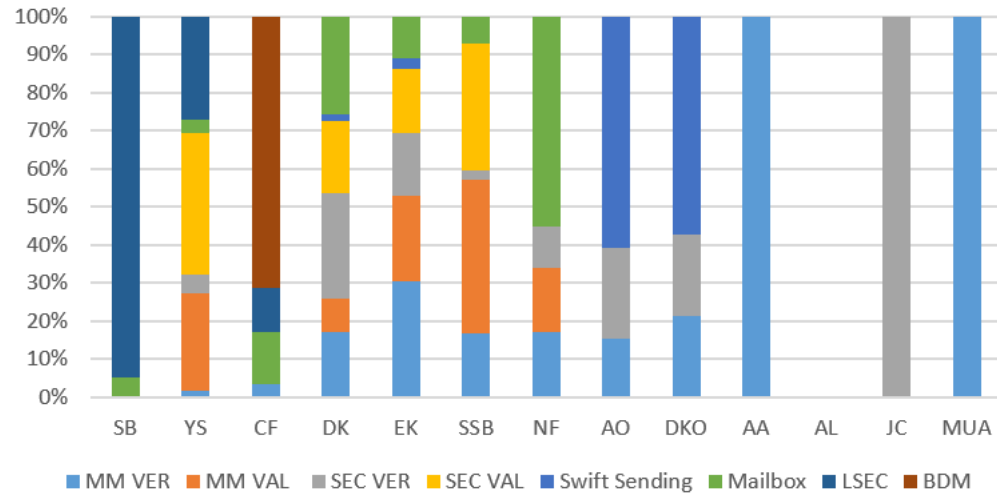2. path to return to the normality

Examples & gather team input
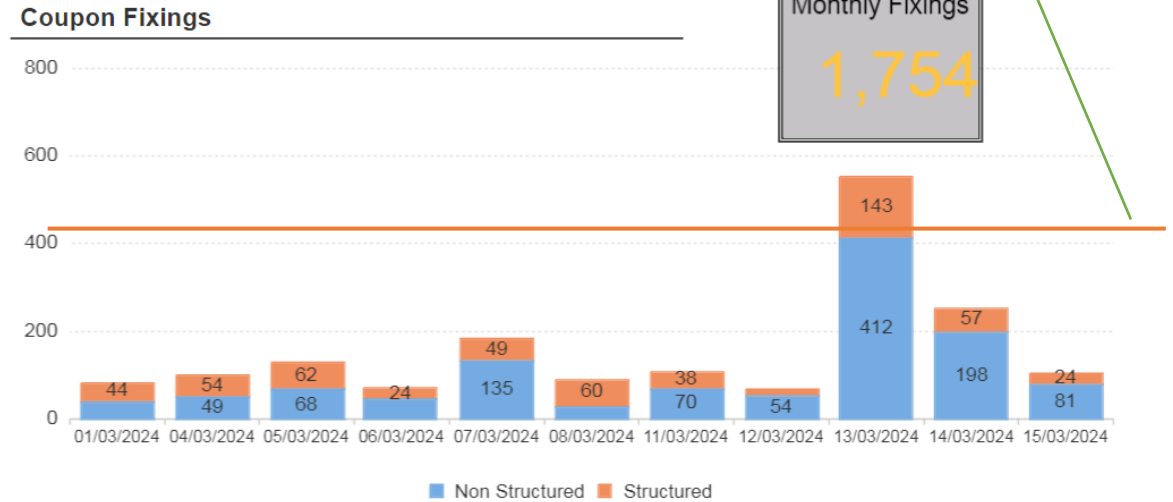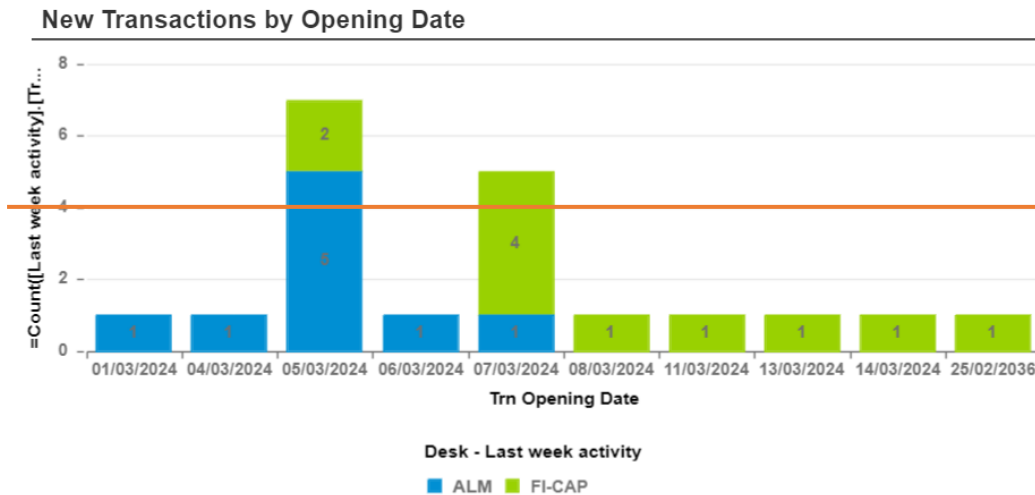
Pooling - KPI

Derivative's team

Deal allocation

Treasury's team

2024 Pool Rotation

Digitalization & STP

DIGITALIZATION & INNOVATION

▶ AI - Challenge
In the bond market, counterparties confirm transactions via emails with unstructured PDF documents. FI Back Office reconciles manually these documents with the information in EIB systems.

Solution
With AI Intelligence, EIB **created an automated process to extract precise data** from confirmation documents. The tool, then, **automatically matches the extracted data with EIB systems**, automatically **moves transactions to the next step** in the workflow and finally archives documents in Document System.

Why Artificial Intelligence
AI engine reads and interprets PDF email attachments.

On top, it is able to learn changing document templates.

▶ BUSINESS CASE 1 - DEAL CONFIRMATION MATCHING
Background: EIB enters nearly 3.000 security trades per year with peak days amounting to 40 trades. Deals are confirmed manually via email.

▶ BUSINESS CASE 2 - COUPON CONFIRMATION MATCHING
Background: Derivatives coupon amounts are confirmed similarly to the previous case via email. The process is manual and time consuming (EIB performs nearly 30.000 of such confirmation annually).

Questions ?

European Investment Bank

THANK YOU

Modern Operations in EIB

European Investment Bank