

## IBOR Transition Solution

Orchestrating outreach through a technology-enabled approach



The ending of Interbank Offered Rates (IBORs) will likely lead to major changes across a broad suite of financial products and markets. IBOR rates will cease to be published on December 31, 2021, and the effects will be significant. Banks will have to work through contracts worth hundreds of trillions of dollars to determine which need to be renegotiated. The number of counterparties, complexities of the documents, the potential for negative client experiences and the risk of conduct issues require that this process be properly orchestrated. EY teams have joined forces with Pega to deliver the IBOR Transition Solution, enabling transition success through a technology-led approach.

### Key components of a successful end-to-end IBOR outreach program across all functions:

#### Exposure dashboards, MI and KPIs

Contract identification, collection and planning

Digitization and classification

Data and clause extraction and decisioning

Commercial analysis, outreach and negotiation

Legal document generation, outreach and repapering workflow

Product cut-over and closure

#### What are the potential impacts of a poorly orchestrated outreach process?

The situation is highly complex, with significant inherent downside risks. Points of impact to consider as you plan for the future:

- ▶ Negative and confusing client experiences
- ▶ Conduct issues, where clients have not been treated fairly
- ▶ Challenges in aggregating progress across different lines of business
- ▶ Missed or ineffective hand-offs between commercial and legal teams
- ▶ Elevated operational risk (e.g., incomplete outreach, where clients or contracts fall between the cracks)
- ▶ High costs of manual tracking and processing
- ▶ Lack of audit trail and evidence
- ▶ Lost stakeholder and regulator confidence if MI or reporting is unreliable
- ▶ Inability to quickly respond to market changes and ongoing regulator requests

#### How can technology drive the right implementation plan for your clients and business?

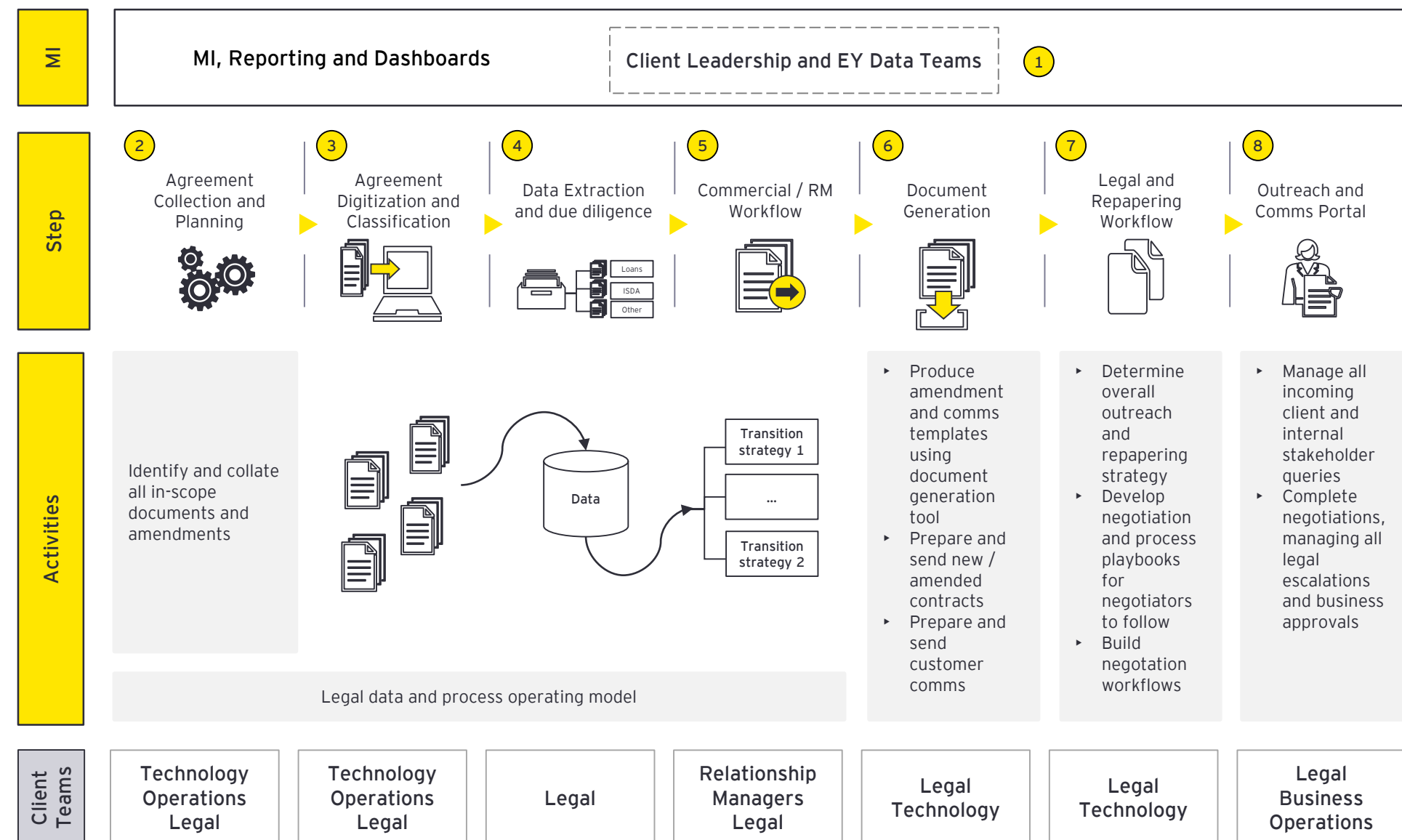
Getting this right at scale requires skill, expertise and leading-edge technology. Key features of the EY-Pega approach are:

- ▶ A true end-to-end solution to the transition problem, no solving in silos
- ▶ A single and joined up technology approach which leverages best-of-breed tooling to solve each stage
- ▶ Use of third-party products that are widely adopted and offer "low code" to deliver in tight timeframes
- ▶ An open architecture, with integration into document repositories, reference data systems and CRM systems front of mind
- ▶ Re-use of existing tooling where it is considered fit-for-purpose
- ▶ Recognition that control and measurement are critical, hence exposure dashboards and MI are central to the design
- ▶ Licenses as part of an engagement of "as a service"
- ▶ On premise or cloud hosted
- ▶ Flexible delivery models
  - ▶ Managed service ("we do it for you")
  - ▶ Co-delivery ("we do it with you")
  - ▶ Consulting ("we advise you how best to do it")

## How can the EY- Pega Alliance help?

In addition to the combination of an open architecture and best-of-breed technology, EY and Pega bring deep knowledge of the back book transition process and requirements to uniquely solve for the transition challenge.

### Effectively navigate the complex IBOR transition process with a complete end-to-end solution



### How to get started

It's critical to start by understanding the scale of your particular IBOR transition challenge. Our experience has shown that clients are underestimating the size and complexity of the task ahead. Collectively we will seek to clarify volumes of counterparties and contracts, understand your thinking on outreach requirements and client journeys, and evaluate the landscape of current systems and existing tooling to deliver a strategic transition program assessment.

Based on that assessment and identification of potential gaps, we will demonstrate our outreach backbone and relevant point solutions to all stakeholders – from legal to commercial to program teams. We can then discuss our various delivery models and tailor a solution to fit your needs.

Connect with one of our IBOR team members or your regular EY relationship contacts for more information.

## EY Contacts



### Scot Kinser

Global Pegasystems Alliance Leader  
scot.kinser@ey.com



### David Williams

EMEIA IBOR Technology Leader  
dwilliams2@uk.ey.com



### Anna Fink

IBOR Outreach Product Owner  
afink@uk.ey.com



### Scott Keipper

Americas FSO Consulting & Data Analytics Leader  
scott.keipper@ey.com

EY | Assurance | Tax | Strategy and Transactions | Consulting

#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](http://ey.com/privacy). For more information about our organization, please visit [ey.com](http://ey.com).

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2020 Ernst & Young LLP.  
All Rights Reserved.

EYG no. 006027-20Gb1  
2007-3543199 ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

[ey.com](http://ey.com)