

Daiwa

Capital Markets



Dennis Leung, Director of Project Management and Business Analysis, IT division, Daiwa Capital Markets

Daiwa ties a Lifeline to its SWIFT connection

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Daiwa Capital Markets Hong Kong Limited has been at the forefront of the investment banking industry in Hong Kong over 40 years. It offers a comprehensive range of financial products and services in such areas as equities, fixed income, warrants and structured products, investment banking and private equity. With offices in Hong Kong and Japan and as part of a network spanning Asia, Europe and North America, Daiwa uses SWIFT to exchange global securities and payments messages.

Daiwa Capital is a long-time SWIFT user and regards connectivity as a critical element of its operational infrastructure.

Recently the organisation became SWIFT's first customer for Alliance Lifeline, a new solution that keeps users connected to SWIFT if their primary or backup SWIFT connection becomes unavailable.

Stephen Leung, Managing Director, Head of Operations at Daiwa Capital Markets explains why Daiwa chose Alliance Lifeline. “Our SWIFT connection

underpins many of our business activities, so ensuring that we are always connected is critical to our business continuity planning. Alliance Lifeline provides cost-effective insurance in case our access to the SWIFT network is disrupted. As part of the end-to-end project, SWIFT has worked closely with Daiwa to test the Lifeline system setup, rehearse and role-play activation procedures, involve relevant SWIFT staff at all levels and clearly document the entire process as an essential part of our Business Continuity Plan.”

Boosting resilience

“The reliability of the SWIFT system is of vital importance for us,” says Dennis Leung, Director of Project Management and Business Analysis in the IT division of Daiwa Capital Markets in Hong Kong. “We connect to SWIFT via a third party, and we see that as an area of possible risk, in the unlikely event that the vendor's service is down and the connection to SWIFT were to be lost.”

“To mitigate the operational and financial risk we decided to formulate a Business Continuity Plan,” Dennis Leung adds. “We reviewed the Lifeline product and decided it was suitable since it establishes a direct connection from Daiwa's Hong Kong office to SWIFTNet over an internet connection.”



While risk mitigation was its top priority, Alliance Lifeline also provided an opportunity for Daiwa to reduce its total cost of ownership (TCO), says Carlos Ugalde, a SWIFT consultant who helped implement the solution at Daiwa.

“Alliance Lifeline is a cloud solution with a minimal footprint at the customer site. Once installed, it’s simple to use and requires very little on-going maintenance by the customer. We also provided end-to-end set-up and operational services fully tailored to Daiwa’s needs.”

Stay connected to SWIFT

The concept behind Alliance Lifeline is simple: a cloud-based SWIFT connection that customers can activate quickly if their standard SWIFT connectivity is no longer available and which supports all SWIFT messaging standards.

Daiwa chose to implement Lifeline using an internet connection, but virtual private network (VPN) connectivity is also available. Activation takes place by contacting SWIFT according to protocols mapped out in advance.

In Daiwa’s case, the company had three BICs deployed out of Hong Kong and connecting to SWIFT via a service bureau. Two of these BIC’s represent Hong Kong operations and one represents Japan; all can now be directly linked to SWIFT in under an hour in case of emergency.

Implementation of the bespoke Lifeline solution started with SWIFT experts performing a detailed analysis of Daiwa’s current setup and matching Lifeline functionalities with Daiwa’s needs. A SWIFT team comprised of technical consultants, product experts and IT and Support personnel worked closely with Daiwa’s in-house team to ensure successful implementation. The project culminated with a successful test activation of Daiwa’s Lifeline connection.

As the first Alliance Lifeline customer, Daiwa was involved in the development and initial specification of the service. “During the setup and testing we found some complications and reported those issues to SWIFT and they were able to fix them all,” explains Dennis Leung. “We were able to go live successfully before our deadline. We have been live for a few

months and fortunately haven’t had an emergency, so haven’t had to use it yet. We have done a BCP drill though, and Lifeline was able to handle that rehearsal.”

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Insurance policy

Alliance Lifeline product represents an insurance policy covering the occurrence of emergencies. It provides a cost-effective hedge against business and operational risk related to connectivity outages and missed payment deadlines.

Lifeline is relevant for use with Alliance Access as well as third-party connections, supports manual and automated message transmission and basic message reconciliation, and allows advance creation of message templates for faster, more efficient activation in case of emergency. Its internet connectivity model lets customers connect from a remote location – a particular advantage for institutions in regions that are subject to natural disasters – earthquakes, hurricanes, typhoons and the like.

In Daiwa’s case, if business proceeds in an ideal world, its Lifeline won’t ever be called upon. “We pay the premium for this ‘insurance policy’,” says Dennis Leung. “However, if a disaster happened, the effects would be financially far more damaging. If the settlement instructions weren’t able to be sent to custodian banks and counterparties through SWIFT, and if then settlement deadlines were missed, we would be at risk of loss. However, the risk is mitigated by Lifeline.

We would still stay connected to SWIFT even if there had been a disaster in our vendor’s system.”

Sandra Choi, SWIFT Relationship Manager for Daiwa, concludes: “Alliance Lifeline is all about providing peace of mind for the customer. It lets them know that they can be reconnected to SWIFT and back in business quickly if disaster strikes.”

For more information please contact your SWIFT account manager or visit www.swift.com/alliancelifeline.