

Case Study | MuniFin

Automating treasury operations in Finland

The company

Municipality Finance is a large public sector organisation in Finland specialising in finance and risk management services for the Finnish local government and social housing sectors. It supports its customers, with cost efficient finance for public housing, infrastructure, and other socially and environmentally sustainable investments.

[MuniFin](#) (Municipality Finance Plc) is one of Finland's largest credit institutions: the company's balance sheet totals EUR 46 billion. The company is owned by Finnish municipalities, the public sector pension fund Keva and the Republic of Finland.

MuniFin's mission is to build a better and more sustainable future with its customers. MuniFin's customers are Finnish municipalities, joint municipal authorities, municipally controlled entities and non-profit housing organisations. MuniFin grants financing for environmentally and socially responsible investment targets such as public transportation, sustainable buildings, hospitals and healthcare centres, schools and day care centres, and homes for people with special needs.

MuniFin has strong credit ratings (AA+, Aa1) and runs a well-diversified funding strategy and issues bonds on the international marketplace in order to secure funding in all market conditions. MuniFin has conservative risk management policies and limited risk appetite for market risks. MuniFin hedges all FX and Interest rate risk from its bond issues using derivatives. MuniFin is the most active Finnish bond issuer with 200-300 bond transactions issued annually. MuniFin was the first Finnish issuer to launch green bonds and first Nordic SSA issuer of social bonds.

The challenge

The Capital Markets team wanted a solution providing customisable STP capabilities across multiple asset classes that could meet their unique business requirements.

The solution

The organisation is constantly working on transformation and innovation in order to meet its mission of serving the Finnish public sector. To this quest, MuniFin evaluated Treasury Management software platform and selected Acumen and has been using it for more than 30 years.

Acumen has allowed MuniFin to integrate front, middle and risk management operations, improve transparency across the business, and provide a single source of information for deal management.

In terms of instruments, the full scope of financial products is covered through Acumen, including multiple types of securities (plain vanilla to very structured one's, inflation linked, FX linked, equity linked, index linked, etc.), interest and cross currency swaps perfectly matching the corresponding bond issue, structured loans, futures, options, money market and FX deals.

MuniFin is using Profile's Treasury Management Platform for the purpose of deal capture, pricing, middle-office, reporting, collateral management and risk management processes. Acumen is a truly open system. Through state-of-the-art interfaces, it is linked to numerous systems including Numerix for complex pricing models, Copp-Clark to import financial holiday calendars, MarkitWire to import CCP swaps, Bloomberg to import bond statics and trades as well as to the organisation's back-office system.

Additionally, knowing that customers expect more seamless experiences and automated workflows powered by open APIs, MuniFin decided to offer a dedicated loan servicing solution to the municipalities. The web application supports all loan products to initiate the loan application process, negotiate the rate and confirm the final loan operation. Supporting the whole digital project, Profile Consultants provided expertise and support to quickly and cost efficiently develop the web service interfacing the application with the MuniFin Treasury platform.

The benefits

Acumen TMS is as well linked to rate platforms to import real-time rates. Interfaces have been designed to maximise straight through processing. Static data, rates, deals and valuations are extracted from Acumen source to feed the Back office thus streamlining processes. The solution also eliminates redundant data entry operations through API connecting to any type of Web service and supports compliance requirements.

Joakim Holmström, Head of Capital Markets at MuniFin says "Thanks to Acumen flexibility and the reactivity of Profile support and development teams, MuniFin is able to adapt very quickly to the new market requirements. MuniFin is therefore very competitive and seen as a flexible and investor focused issuer in the international capital markets."

Adhering to the evolving marketing conditions and proactively meeting future needs, MuniFin launched new instruments - such as green financing for environmentally friendly projects. To better achieve and manage it they needed a platform that could scale to support the future direction of all public sector projects. MuniFin's ability to provide competitive and innovative financing is driven by overall operational excellence, comprehensive view of risk as well as transparency and streamlining regarding operations and their workflows. The use of Acumen TMS also strengthened MuniFin's deal data to import analytics, reporting, and compliance, and deliver results of greater value.

MuniFin's Capital Markets team has been effectively working with the team building a platform that can easily scale as the business grows. In 2022, the organisation went live with the new upgraded version of Acumen that addresses ECL calculation as well as new RFR deals, bonds and swaps, based on SOFR and SONIA rate and index.

David Raffestin, Client Support Director points out "one key attribute of our platform, is the ease of configuration and flexibility that allows MuniFin users to set up new activities as well as all types of reports by themselves without depending on the vendor."

About Profile Software:

Founded in 1990, Profile Software (www.profilesw.com) is a specialised software solutions provider with offices in key financial centres and a presence in 45 countries across Europe, the Middle East, Asia, Africa and America delivering market-proven solutions to the Investment Management and Banking industries. Profile Software is recognised as an established and trusted partner by international industry specific advisory firms. Profile Software's solutions enable organisations to align their business and IT strategies, while providing the necessary business agility to proactively respond to the ever-changing market conditions.