

**CETIP**

Clearing House for the Custody and Financial Settlement of Securities



# EFFICIENT FINANCIAL TRANSACTIONS

CETIP relies on Modulo solution for keeping its processes in line with best market practices

**A** **II TRANSACTIONS FOR** purchase and sale of both public and private fixed-interest bonds, as well as all securities transactions carried out in Brazil, are cleared by the Câmara de Custódia e Liquidação - CETIP (Clearing House for the Custody and Financial Settlement of Securities). A daily total of eighty thousand operations, generating business volumes of approximately R\$ 20 billion, are processed. To support this hectic environment that drives the country's economy, the organization needs an efficient and well-controlled IT structure enabling services to be rendered efficiently and within high quality and security standards.

As much as in banks, IT constitutes the backbone of CETIP's operations. Nothing can go wrong. The online network for mediation of securities must be carefully monitored and follow all security requirements. This essential requirement has led the organization to massively invest in tools that manage risk in accordance with best market practices. Seeking improvement in this regard, CETIP has adopted the Cobit model

(Control Objectives for Information and Related Technology), a framework currently employed by the management of many organizations to align IT processes and strategic corporate visions. After implementing a tool to meet this objective, the organization felt the need for a specific technology model to improve and ease compliance with the Cobit methodology.

## **BEST PRACTICES**

After one year researching the market, CETIP's general superintendent, Antonio Ferreira Teixeira, declares that the organization has found the perfect software tool to fully meet their requirements: Modulo's Check-up Tool, currently called Modulo Risk Manager, features applications for mapping and analyzing the compliance of a company's processes with the model set forth by Cobit.

“We wanted not only our IT systems but also our business processes to conform to the Cobit model”, says Teixeira. At first, the Modulo software was used to check the level to which the information systems adhered to the international standard. “The solution provided by Modulo performs

this analysis automatically and displays the maturity level of each process”, he says.

After implementing the Modulo software, an internal committee was created to evaluate results using a questionnaire that provides an X-ray of each process. This group defines metrics, sets up objectives for each area, and checks them on a quarterly basis.

The CETIP superintendent compares the process with that of the software development area, where every stage of the work has to be documented, and where the names of the persons in charge of approving each project must be known. The information is submitted to the committee, which meets every three months to check whether targets have been met, as well as to follow up on projects and fine-tune objectives for improvement.

For Teixeira, one of the advantages posed by Modulo Risk Manager is the fact that the software is interactive and easy to use, and therefore does not require specialists to apply the questionnaires completed by users. “We now perform assessments faster and more efficiently,” says Teixeira. Based on the good results obtained with the use of the Modulo tool in the IT area, CETIP has decided to apply it to other business units, such as the purchase area, where the solution is currently used to monitor all order and bidding processes, document flow, and other routines. The software is soon to be employed in the Human Resources department. The system will check whether employment contracts are correctly implemented and whether taxes are being paid in accordance with the applicable legislation, as well as other requirements and

processes. According to the CETIP superintendent, Modulo Risk Manager is helping the organization to have a clearer vision of its operations and to improve processes so as to gain more efficiency in its business. “By using the correct controls, we no longer waste time or money”, states the Brazilian executive, who dreams of having the Clearing House for the Custody and Financial Settlement of Securities working in a completely controlled environment.

He knows there is still a lot of work ahead in order to accomplish this objective, but the course has been set and several steps have already been taken.



Teixeira, from CETIP: The Modulo software is easy to use and quickly performs process analyses.

## The role of CETIP

CETIP has been operating since 1986. The organization was created by the financial institutions in association with the Brazilian Central Bank with the purpose of guaranteeing higher security and agility to the operations in the sector. The clearing house is headquartered in Rio de Janeiro and renders nationwide integrated custody and electronic negotiation services. It also maintains records of all transactions performed in the country and provides security settlement services.

In its more than 10 years, CETIP has accumulated issuance of 1.5 trillion securities and is considered the largest clearing house for custody and financial settlement of securities in Latin America. The organization mediates financial transactions and currently has 5.9 thousand participants, including shareholders and non-members, comprising leasing companies, investment and pension funds, legal entities, and insurance companies.