

 MuniFin

## Driving Excellence in XVA: MuniFin's Strategic Integration of Numerix Oneview

### Overview

MuniFin (Municipality Finance Plc) is one of Finland's premier credit institutions, with a focus on financing the public sector, sustainable development projects, and affordable housing. With a balance sheet exceeding EUR 50 billion, MuniFin plays a critical role in sustaining the Finnish economy. Among its diverse financial operations, MuniFin actively participates in derivative management to hedge its loan exposure and optimize financial strategies.

Accurate valuation and risk analytics are paramount to MuniFin's operations. This necessity became increasingly evident in 2015 when MuniFin identified the growing importance of x-value adjustments (XVA) as a market standard for managing derivatives portfolios. Faced with the need to modernize and automate its valuation process for XVA while adhering to evolving industry practices, MuniFin turned to Numerix, its longstanding technology partner since 2007.

### Challenges

As a highly rated financial institution serving municipalities and public sector entities, MuniFin has always prioritized prudent risk management and operational excellence. By 2013, with growing regulatory expectations and increasing market complexity, the firm recognized the strategic importance of implementing a robust XVA framework in order to align with industry best practices and enhance valuation precision. Specific challenges MuniFin faced included:

#### Need to Introduce an XVA Calculation System

At the time, MuniFin had not yet adopted a dedicated system for calculating XVA. However, as industry standards advanced, the firm quickly recognized the need to enhance transparency and precision in valuation practices. "It was becoming a market standard to perform these calculations," noted Jaakko Juntunen, VP and Head of Risk Management at MuniFin. "To stay ahead in valuation accuracy and regulatory compliance, implementing XVA became a clear priority."

## **Growing Complexity in Derivative Valuations**

The evolving financial landscape introduced derivative instruments with increasingly sophisticated valuation models. To maintain competitive pricing and ensure regulatory alignment, MuniFin required a robust engine capable of managing the complexities of XVA.

## **Need for Automation in Valuation Processes**

Manual processes and a lack of automation placed constraints on efficiency. The need for more agile, automated pipelines for valuation workflows became a key area for MuniFin stakeholders to address.

## **Synergy Between Systems**

With its existing reliance on Numerix engines for valuation of financial instruments, MuniFin required a seamless integration between its current solutions and any new XVA platform to maintain operational harmony.

# **Solution**

## **Numerix Oneview for XVA**

Having used Numerix solutions since 2007, MuniFin already had a foundation of trust and satisfaction with the company's technology and support. When the need for XVA emerged, Numerix Oneview became a clear choice for several reasons.

## **Proven Partnership**

MuniFin's longstanding relationship with Numerix made it a natural fit to extend their collaboration to XVA. Before adopting Numerix Oneview for XVA, MuniFin had been using Numerix pricing engines to support the valuation of structured trades within its front-office system. As the complexity of those trades grew, the firm integrated Numerix via an SDK to ensure accurate, scalable pricing capabilities.

"Since we were already happy with the performance of Numerix valuation engines, we were confident that integrating Oneview for XVA was the ideal solution for MuniFin," recalls Juntunen.

## **Automation and Scalability**

With robust capabilities for automated pipelines, Oneview addressed MuniFin's need to eliminate manual processes in valuations. This feature was crucial in enabling consistent daily executions without intervention.

"Numerix helps us stay ahead of changing industry practices and empowers us with both stability and adaptability. The flexibility we now enjoy is indispensable."

Jaakko Juntunen, VP and Head of Risk Management, MuniFin

## **Comprehensive XVA Analytics**

Numerix Oneview offered sophisticated models for XVA components, delivering market-aligned precision in calculations. Its openness and transparent approach allowed MuniFin to adapt the system when needed to develop custom enhancements in-house.

## **Integrated Ecosystem**

Oneview seamlessly integrated with MuniFin's prior Numerix engines and other internal systems, ensuring a consistent valuation framework. This synergy allowed for enhanced operational efficiency and accuracy from end to end.

## **Implementation Process**

MuniFin's implementation of Numerix Oneview for XVA began in 2015. Although it was a relatively new product for Numerix at the time, the collaboration facilitated a smooth roll-out. The tight alignment between MuniFin and Numerix's technical support team ensured the platform fit all of the firm's requirements.

MuniFin's XVA process leveraging Oneview has afforded the following benefits:

- Overnight processes automated XVAs and market risk sensitivities, enabling the institution to calculate and verify results by the next business morning.
- The flexibility of the platform enabled the team to conduct scenario analysis and XVA pricing for new trades on an ad hoc basis.
- An iterative process was adopted to incorporate user feedback and enhance workflows.

## **Key Results**

Since adopting Numerix Oneview for XVA, MuniFin has realized significant gains in operational efficiency, accuracy, and compliance. Highlighted benefits include the following.

### **Automation Efficiency**

The implementation of automated valuation pipelines substantially reduced manual intervention. According to Juntunen, "Everything now runs automatically overnight, with results ready by the next morning. This has been a game-changer for scalability, reliability and visibility into data at MuniFin."

### **Valuation Accuracy**

With Numerix's advanced modeling, MuniFin achieved precise valuations, ensuring compliant, high-quality reporting. This level of accuracy enhanced confidence among internal stakeholders and executives across the organization.

### **XVA Calculation**

Oneview's capabilities provided MuniFin with accurate adjustment values essential for trade pricing and financial statements. The system's ability to calculate market risk sensitivities and XVA sensitivities at high speeds further streamlined decision-making.

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“Efficient calculations are critical when dealing with market risk sensitivities or heavy analytical workloads. Numerix excels in this area.”

Jaakko Juntunen, VP and Head of Risk Management, MuniFin

## Flexibility and Custom Adjustments

Oneview’s transparent architecture gave MuniFin the flexibility to enhance valuation models independently, empowering the team to tailor the system to their evolving needs. “MuniFin staff involved in model building especially appreciate working with Oneview,” commented Juntunen. “It offers the flexibility and functionality they need to build and refine models efficiently.”

This hands-on flexibility is further strengthened by Numerix’s ongoing support for system upgrades, creating a dual framework that balances internal control with expert vendor guidance. Together, these capabilities ensure long-term scalability, robustness, and adaptability in a constantly changing market environment.

## Looking Forward

MuniFin remains committed to leveraging Numerix solutions as part of its operational and strategic roadmap. Recent upgrades to newer versions of Oneview demonstrate MuniFin’s confidence in Numerix’s ability to align with its evolving needs.

Future opportunities for collaboration may include expanding market risk calculations and exploring new P&L attribution capabilities built into Numerix’s latest offerings. These enhancements promise to further improve MuniFin’s analytical depth and valuation workflows.

Juntunen sums up the broader impact of Numerix on MuniFin’s operations by commenting, “Numerix helps us stay ahead of changing industry practices and empowers us with both stability and adaptability. The flexibility we now enjoy is indispensable.”

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