

LIBOR transition on-time and on-budget with Applica RTA

While many had hoped that the disruptions from the COVID-19 pandemic would result in a delay of the 2021 cutoff date for LIBOR transition, that is not the case. Once the global situation and markets begin to stabilize and direct focus can be put back towards LIBOR transition amendments, this newly compressed timeline adds additional complications to an already massive undertaking for financial services organizations.

Enter Applica Robotic Text Automation (RTA). This unique, AI-enabled text comprehension platform contextually interprets and classifies reference rate provisions with minimal human interaction. Applica RTA is language and layout agnostic, works with all unstructured and semi-structured document types, and allows for unrivaled levels of automation and precision never before seen.

Case study

Situation:

Banks and other financial service providers only have until the end of 2021 to implement LIBOR fallback contract language in a wide array of their financial instruments.

Solution:

Applica RTA integrates with existing RPA solutions, interprets, and classifies the reference rates as needed, just like a human would. E.g.: some fallback clauses describe what needs to be done (inform the other party) while other contracts don't contain fallback clauses at all (and thus these need to be amended). Applica RTA extracts the necessary information that is then used by RPA to fill in an amendment template and submit it to a human lawyer for final validation.

Problem:

Existing contracts must be scrutinized and amended to reference rates other than LIBOR if the fallback clauses are not sufficient, and to do this solely with human workers is nearly impossible in the time allotted. Additionally, existing OCR, NLP, and RPA solutions cannot process these documents in a fully automated manner, thus requiring costly manual support.

Results:

Applica RTA streamlined the process of contracts amendment, reducing the involvement and cost of qualified counsels by 75%. The faster document turnover time (less than one second per page) enabled the processing of tens of thousands of documents per day.

Benefits of Applica RTA:

- Requires < 10% of training data vs. other AI systems
- Comprehends all document types (plain text, forms, tables)
- Fully templateless 95%+ straight-through processing
- Multilingual and can be rapidly trained to new languages
- Managed by existing staff, not expensive AI resources
- Self-learning system maintenance by end users

Applica RTA: LIBOR transition the easy way

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