



WHITEPAPER

Intraday repo: A catalyst for modernization

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Intraday repo: A catalyst for modernization

Capital markets are entering a pivotal phase of transformation driven by the growing demand for timely, accurate, and actionable information.

While front-office (FO) environments are highly digitized (leveraging electronic execution, continuous pricing updates, and real-time theoretical position recalculations), this dynamic view remains disconnected from the operational reality of trade execution, settlement, and liquidity funding.

A persistent structural divide exists between:

- ▼ The front office, focused on trading, risk and PnL monitoring,
- ▼ Post-trade functions, responsible for settlement, collateral management, regulatory reporting and accounting processes, which remain largely retrospective

As a result, critical information regarding settlement status, collateral availability, and intraday liquidity, is not consistently accessible to decision-makers in real time. This forces them to base their decisions on theoretical positions rather than actual, executed and funded positions.

Modernization is therefore fundamentally about closing this information loop.

In this shifting landscape, intraday repo emerges as a powerful catalyst. By forcing alignment between trading activity, funding, and settlement, it serves as a foundational architectural block and drives the transition toward integrated, real-time market operations.

The limitations of the traditional Capital Markets infrastructure and organisation

The structural inefficiencies of current capital markets are not rooted simply in transaction speed, but in the chronological fragmentation and sequencing processing of information across functions.



Disconnect between trading and execution reality

While front office systems reflect accurately intended trades, they may lack visibility into actual settlement execution, collateral availability and real-time funding constraints. This asymmetry results in misaligned risk and PnL views, causing suboptimal trading decisions.



Limited visibility on intraday liquidity

Rather than real-time information, liquidity management relies heavily on forecasting, manual updates from Cash Management operational teams and the deep experience of Treasury managers. This lack of visibility results in conservative liquidity buffers, and inefficient funding strategies.



Post-trade and reporting as end-of-process activities

Post-trade processing and regulatory reporting are structurally positioned at the end of the trade lifecycle, requiring reconciliation and complex translation rules. This leads to delayed insight and reduced data accuracy.

A new paradigm and way of working: from sequential processes to real-time, decision-centric finance

Modernization is as much an organizational evolution as a technological one. It replaces the industry’s traditional, sequential processing chains with a synchronized framework built around real-time decisioning. The new framework:

- Execution-based decision-making: Institutions move away from Theoretical / projected positions and increasingly base decisions on confirmed settled and funded positions.

▸ Real-time information propagation: Key operation data like settlement status, collateral positions and liquidity consumption become continuously available for all stakeholders.
- Dynamic liquidity and risk management: Liquidity management evolves from “Static”, forecast-driven process, relying on cross-functional coordination to a Real-time and event-driven workflow.

▸ Continuous regulatory visibility: Regulators move toward Real-time or near real-time data access rather than Periodic reporting cycles.

From Process-Driven Execution to Decision-Centric Information Flow

The combined effect of these changes is a fundamental shift summarized below:

Steps	Process-Driven Execution	Decision-Centric Information Flow
Data Flow	Sequential processes with function specific information silos	Continuous synchronization of execution, settlement, and funding
Validation	Delayed reconciliation at end-of-day	Immediate, shared, real-time information across all functions
Position Basis for decision making	Speculative theoretical positions	Verified actual positions

A new architecture: toward distributed and tokenized systems

To support this paradigm, a new architecture is required—one that ensures data consistency and instant availability across participants.

Shared data layer

Distributed ledger technology (DLT) enables a shared, synchronized record of transactions that establishes immediate consistency across counterparty institutions. This shift eliminates the reliance on sequential messaging / instructions, and trade affirmation processes ahead of settlement and bilateral reconciliation post settlement.

Tokenization of assets

With this architecture, financial assets, including securities, cash or any collateral, become digitized and programmable. This enables:

- ▶ Simultaneous DVP: the asset and cash leg transfer are transferred instantly;
- ▶ Real-time collateral mobility: collateral can be mobilized and rehypothecated instantly without consideration of traditional settlement windows.

While the architectural foundations of distributed ledgers and tokenized assets are important, their ultimate value lies in the operational and economic benefits they can deliver. Functions that were traditionally fragmented across multiple institutions, systems, and settlement windows become increasingly synchronized and automated. The resulting benefits accumulate across the transaction lifecycle, generating meaningful improvements in operational efficiency, liquidity utilisation, cost reduction, and risk management.

By combining a shared data layer with digitally native financial assets, the new architecture fundamentally reshapes market processes. The modernization of market infrastructure creates efficiencies that resonate across the transaction lifecycle, from execution and settlement to funding, collateral management, and reporting.

Efficiency gains and economic impacts

The value of modernization does not lie in a single technological breakthrough, but in the aggregation of efficiency gains across trading, settlement, funding, and reporting—ultimately unlocking economies of scale and improving decision-making



Operational efficiency

By implementing the new process, banks will significantly reduce manual intervention. Frictions associated with counterparty interactions throughout the post-trade lifecycle are significantly reduced and error rates will be substantially lower.



Cost reduction

The study conducted by GFMA and BCG has estimated that the integration of distributed ledger technology (DLT) could deliver 15 to 20 billion USD in annual savings in global post-trade and operational costs (Ref. 1). Complementing this, a Cashlink–FinPlanet study (Ref 2), based on a bottom-up analysis drawing on interviews with capital market participants and granular process-level cost data, estimates that DLT-based infrastructures could achieve around 20% cost reductions today and up to 85% in middle- and back-office functions once full DLT integration is realised.



Liquidity optimization

The adoption of DLT-based infrastructures can enable banks to reduce idle liquidity buffers and optimise capital requirements, supported by more efficient intraday liquidity management and enhanced collateral utilisation. Improved access to intraday funding and real-time settlement capabilities has the potential to materially reduce intraday funding costs, depending on market structure and implementation scenarios, while further strengthening collateral efficiency.



Risk reduction

Near real-time processing and improved collateral mobility help mitigate credit risk by shortening exposure windows and enabling dynamic collateralisation. Shorter settlement cycles further reduce market risk by limiting exposure to price volatility. In parallel, a shared and synchronised data layer enables real-time exposure monitoring.

As market infrastructures evolve toward real-time, tokenised environments, intraday repo serves as a critical use case to unlock the full potential of DLT in terms of liquidity efficiency, funding optimisation, and seamless collateral flows.

Intraday repo definition

An Intraday Repo is a repurchase agreement opened and closed within the same trading day.

- Fixed execution windows: Start time and End time of the trade are agreed at Trade Negotiation

- Duration-based pricing: Repo interest amount is computed as per the exact duration of the trade

It is designed to facilitate immediate, short-term liquidity management and rapid collateral mobilization. Used for temporary liquidity and collateral exchanges. It is typically backed by high-quality liquid assets (HQLA).

Intraday repo benefits



Liquidity Optimization

Intraday Repo addresses the steep balance-sheet costs of holding defensive regulatory liquidity buffers by enabling on-demand, precise sourcing. This structural shift drives:

- Compression of funding costs: if just 20% of European Repo Overnight market transitions to Intraday Repo, the savings are estimated to 4 million EUR annually for each of the major 70 European institutions. Even greater gains are expected from US market which is highly concentrated on Overnight trade.
- Maximized balance sheet efficiency: Minimizes idle, non-earning cash cushions and optimizes the velocity of HQLA throughout the trading day.



Risk Reduction

The structural shift to real-time execution significantly strengthens an institution's risk profile by driving:

- The Elimination of Settlement Gaps: Moving from traditional settlement timelines to instantaneous DvP virtually eradicates counterparty credit and Herstatt risk.
- Structural LCR Optimization: By enabling immediate, secured access to intraday liquidity, firms can reduce their reliance on large, static cash buffers. This optimizes HQLA requirements within the Liquidity Coverage Ratio (LCR) framework without compromising safety.

Why Intraday Repo is the “First Step” towards a general market modernization

Intraday repo plays a unique role in the transformation of capital markets because it not only addresses immediate liquidity and operational challenges, but also provides a pragmatic and controlled entry point into next-generation, DLT-enabled market infrastructures.

A natural bridge between current infrastructure and future architecture

Intraday repo builds on an existing and well-understood market, while introducing a new level of requirements that naturally force the adoption of modern infrastructure:

- Enforces automation: Intraday repo implicitly requires automated and programmable settlement mechanisms, pushing institutions toward digital settlement infrastructures where execution, funding, and settlement are tightly integrated.
- Controlled environments via SDPs: In its early stages, intraday repo is typically offered through Single Dealer Platforms (SDPs), where one institution manages the full transaction lifecycle. In these environments, digital settlement can be handled end-to-end within a controlled framework, simplifying adoption while demonstrating the operational benefits of real-time processing.
- Onboarding the ecosystem: Behind these platforms, intraday repo increasingly depends on DLT-based service providers to ensure synchronization of transactions, collateral, and cash movements. Participation in intraday repo on such platforms requires clients to be registered within DLT environments, with access to digital accounts and tokenized assets. This onboarding process effectively introduces market participants to distributed infrastructures, paving the way for broader adoption.

Toward full integration: The next step in the modernization journey

Intraday repo lays the groundwork for institutions to achieve full operational integration with distributed networks. As integration deepens, firms move from retrospective reconciliation to active, real-time data consumption:



Live position streaming

Continuous synchronization of tokenized cash and collateral positions directly into internal core banking systems.



Instant finality

Real-time consumption of cryptographic ownership transfers and settlement confirmations.



Dynamic ledger alignment

Eliminates the need to reconstruct positions through post-trade batch processing by directly absorbing live execution reality.

Overcoming DLT implementation challenges with hybrid architectural approaches

While DLT holds the potential to fundamentally transform capital markets infrastructure, its adoption introduces a set of critical structural, operational, and regulatory challenges. Addressing these requires the deployment of hybrid architectural models that seamlessly integrate legacy systems with distributed technologies, ensuring scalability, interoperability, and operational resilience throughout the transition.

Challenge	Impact Area	Hybrid Architecture approach
Interoperability / Fragmentation	Multiple platforms must communicate effectively Standardized data models are missing	Financial institutions can adopt an orchestration layer acting as a single integration point to access to multiple DLT service providers while maintaining a consolidated view. Progressive adoption of common data standards and interoperability frameworks to ensure long-term scalability
Infrastructure bridge	Real-world securities and cash must be tokenized prior to executing real-time intraday settlement.	SDP can provide the tokenization service ahead of exact settlement time. Furthermore, major CSDs (such as the DTCC) are rolling out native tokenization services for real-world assets.
Regulatory adaptation	Digital asset recognition varies; reporting frameworks have yet to fully evolve	In Europe and US, institutions and DLT providers are co-developing reporting protocols with regulators, leveraging the ledger for embedded supervision and automated compliance tracking.
Operational transformation	Operational workflows are culturally siloed; teams resist changing processing habits.	Firms should use intraday repo as a cross-functional transformation driver to strengthen collaboration between all functions and to unify Front Office, Treasury, and Operations around a single, shared source of data truth.

Conclusion

The modernization of capital markets is fundamentally about aligning decision-making with operational reality.

The legacy disconnect between real-time trading capabilities and fragmented and delayed execution data generates inefficiencies, increased risk and suboptimal allocation of financial resources

Intraday repo bridges this gap by forcing alignment between trading, settlement, and funding, enabling real-time visibility of positions and integrating front-office and post-trade processes.

As such, it represents more than a liquidity mechanism—it is a structural catalyst for transformation.

Rather than relying on broad, disruptive change, intraday seems to be the perfect targeted use case that delivers immediate value while enabling systemic progress toward a fully modernized, real-time financial ecosystem.

Ultimately, value of modernization does not lie in a single technological breakthrough, but in the aggregation of efficiency gains across trading, settlement, funding, and reporting, unlocking economies of scale and improving decision-making.

If your organization is evaluating intraday repo, digital settlement models, or the broader modernization agenda, we invite you to contact us at Teciem. Beyond technology and advisory expertise, we offer access to a growing community of banks that are working through the same questions and learning from one another. The entry point may be intraday repo, but the conversation is much bigger. By engaging now, you can help shape what comes next rather than simply react to it.

Resources

1. GFMA | Global Financial Markets Association | Joint Trades Publish Report on the Impact of DLT in Capital Markets
2. Cost savings potential of DLT based capital market infrastructures | Cashlink



About Teciem

Teciem is a global provider of front-to-back treasury and capital markets software solutions, serving banks and financial institutions of all sizes. We deliver award-winning solutions for trading lifecycle and risk management, helping clients to operate seamlessly across asset classes and global markets. Built on decades of domain expertise, our solutions – Kondor, Summit, Opics, Sophis, Sophis Invest and Arc – are trusted by more than 340 financial institutions (and many of their subsidiaries) worldwide, including a majority of the top 100 global banks.

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