almetrics
asset liability management

What can a $55Bn bank do to add $145Mn to their bottom line - every year?

Improving bank capitalisation is a major goal for the Governing and Managing Boards of Banks, a well capitalised bank has many advantages in securing greater lending capability with lower funding costs, optimise balance sheet structure and improve financial results.

With the aim of the ALCO to balance risk against profitability, a great amount of time and resources is spent in steering policy and decision making to improve results. There are many challenges in achieving optimal results. A lack of clear focus due to quality of information and limited strategic analysis make decisions more difficult.

What are the strategic alternatives available in the current and expected market conditions to dramatically improve the bottom line?

This is where we specialise; by taking a holistic view of the decision making processes, analytics and reporting, allied to our experience in managing balance sheets to produce tangible improvement in results. ALMetrics provide specialist consultancy services working with senior management and Management Boards of Banks, re-visioning the balance sheet management process and developing a pro-active decision-making ALCO process. Our services are not based on any specific ALM / FTP technology or systems, nor are we dependent on applications to deliver results. What we do is to provide an integrated framework for the Management Board to ensure that strategy is enacted and significant improvements in profitability can be achieved in the medium term, typically less than a year.

How we do this is by focusing on sustainable value creation based on improvements in Net Interest Income. Our methodology is based on the "3 Pillars of Effective Balance Sheet Management©":

1. Understanding the Current Position (profitability, risk, liquidity, capital).
2. Development of a Pro-Active Balance Sheet Management Strategy process.
3. Establishment of an appropriate Management and Reporting Process.

Our three phased approach to delivering balance sheet optimisation projects.

Phase 1 - is to conduct an initial diagnostic review, lasting two months (two ALCO meetings). This measures the current process against best practice and selected peer group. A gap analysis between current and best practices is developed with detailed recommendations on improvements.

Phase 2 - is discussion and agreement of the findings of the diagnostic review during a 1-day workshop with management. Implications and improvements are detailed comprehensively, including a blueprint for improving the balance sheet management process. As part of the recommendations, we apply our proprietary ALM Decision Matrix© at a high-level to develop optimal strategies for management of the balance sheet to improve Net Interest Income.

Phase 3 - is a strictly controlled change management process to implement the detailed set of recommendations based on the findings to improve the effectiveness of the balance sheet management process and to optimize Net Interest Income within the Board-approved risk appetite of the bank. This ensures that the expected results are realised for the Bank.

Our approach delivers results. The minimum we have achieved for our clients is 12% with typical results averaging more than 25% improvement. We can achieve these results for you - each year, every year.

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