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## EFFICIENT ALM REPORTING IN AN EVER-CHANGING ENVIRONMENT

How will a change in interest rates affect the overall revenue of the bank? What is the liquidity gap for certain assets and liabilities? These are just two of the many questions asset and liability managers need to answer on a regular basis. Not only to provide management with valuable input for strategic decision making, but also to adhere to the regulator's demand for frequent reporting.

### Industry

Retail Banking

### Business Issue

Frequent reporting on asset and liability management.

### Solution

SAS collects all data in a central data warehouse and allows efficient ALM reporting, forecasting and simulations.

### Benefits

1. Better management of ALM risk, resulting in higher profitability.
2. Fast implementation thanks to SAS' know-how of both IT and finance sectors.
3. A flexible, scalable and user-friendly solution enabling pro-activity, simulations and forecasts.

## SAS SIMPLIFIES DATA COLLECTION AT RECORD BANK

Record Bank is working with various legacy information platforms. Consequently, collecting data is a time-consuming effort. By implementing SAS, the necessary data are now only a mouse click away. Record Bank is a young and growing bank. It provides an extensive range of retail bank products such as savings accounts, credit, and insurance via a network of bank agents. Additionally Record Bank offers consumer, mortgage, and professional credit activities through a variety of agents, brokers, and vendors.

### Answering increased demand for regular ALM reporting

As a member of the ING Group, Record Bank obviously needs to follow the Group's guidelines. This means the bank has to provide Group management with clear insight into its accounting, its credit risks, and, to a growing extent, its asset and liability management (ALM) efforts. In concrete terms, ING Group management expects monthly ALM reports on the interest rate and liquidity gaps. "In the past, ALM reports were only put together on an ad hoc basis. Making the reports was a time-consuming effort since all of the necessary data is spread over an amalgam of information platforms," explains Ann Declerck,

Senior Manager Balance and Finance at Record Bank. "To solve this problem, the executive committee decided to put a dedicated ALM team in place and to search for a solution that could efficiently fulfill their reporting needs."

### Easily integrated in heterogeneous IT infrastructure

Today's Record Bank is the result of a series of mergers and acquisitions, which is still ongoing. This has left the bank with the legacy of various heterogeneous information systems. "That is why we needed a platform that is easy to integrate," says Declerck. "A thorough investigation of the market proved that SAS answers all of our requirements and more. For example, we are currently preparing for a merger with Eural Bank, which we acquired in 2005. Thanks to the SAS ALM solution, we already have a consolidated report. And that's even before the operational systems of both Record Bank and Eural Bank have been linked."

### Focus more on data analysis, not on collection

The new SAS solution has freed up valuable time for Record Bank. "Today, it only takes a mouse click and we

“SAS offers the flexibility we were looking for in an ALM reporting tool. Not only is the system easy to integrate in our heterogeneous IT environment, it is also easy to expand it with new reports.”

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have all the necessary information we need on such items as interest rates and liquidity gaps,” notes Declerck. “Before the implementation, we lost a great deal of time gathering data. And this was still raw data. After collecting it, we still needed to define and apply the appropriate risk calculation formulas in Microsoft Excel before we could ascertain the actual risk. Now, the ALM reporting solution collects all data from a centralized SAS data warehouse. This leaves the ALM team with more time for in-depth interpretation of the information, resulting in better management of the ALM risk and ultimately higher profitability.”

#### **Creating a transparent tool for the user**

The implementation of SAS has vastly simplified the job of the ALM team. In part because SAS made sure that every ALM team member has a perfect understanding of how the system functions. SAS achieved this not just by providing full documentation, but also by including members of the ALM team in every phase of the project. Declerck: “Two members of the ALM team were part of the project team. They were involved in every step – from the initial project analysis to the various pilot tests – learning about the tool first-hand. This also gave the ALM team members the opportunity to help shape the reports, ensuring that the tool gives them the information they need to do their job in the most efficient way possible.”

#### **Add new reports when necessary**

The ALM team is now perfectly equipped to evaluate current ALM risks. But that is not all it can do. The solution can easily be expanded to provide additional reports. “For the moment we can fulfill all of our current ALM reporting needs. But we operate in a continuously changing environment. Our reporting tool needs to be able to evolve along with us so that we can meet future demands as well,” points out Declerck. “The SAS solution is perfectly scalable. If a regulator such as the Belgian Banking, Finance, and Insurance Commission (CBFA), management within the Record Bank, or ING Group management set new reporting standards, we don’t need to start all over again and implement a new reporting tool. The system enables us to define new reports at any given point in our growth, without having to make big changes to our current reporting infrastructure. And the tool still enables us to make ad hoc reports.”

#### **First simulate, then take action**

SAS is not limited to just providing ALM risk reports. The system is also capable of making simulations and forecasts. “For instance, we would like to know what the effect on revenue would be of a specific rise in the interest rate. We would also like to see which actions bring the best result in reducing the earnings at risk,” Declerck adds. “SAS enables us to do just that in only a few mouse clicks.”

#### **Project realized on time and within budget**

The project was realized on time and within budget. “We look back with positive feelings on our collaboration with SAS,” concludes Declerck. “Thanks to their specialist know-how of both the IT and finance sectors, we were able to implement the system in a very short time frame. In the near future we will join forces again so we can further elaborate our new tool to take full advantage of all the possibilities available within the SAS ALM reporting solution.”



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