

## Factsheet

# ALM IQ: A cloud asset and liability management (ALM) solution for deeper understanding of the balance sheet and exposure, for small and mid-size banks

Managing risk is a huge responsibility even when the economic waters are calm. But during times of interest rate volatility, the need for a well-designed ALM framework that is properly integrated with IRRBB policies is greater than ever.

For banks, the challenge to remain competitive is greater than ever in our unpredictable post-Covid economy. Rapid inflation. Fluctuating interest rates. A rising tide of regulation. Add to this the threat posed by new digital players and no wonder institutions find themselves struggling to manage risk efficiently.

Tactical quick fixes may offer short term relief, but they offer limited automation and analytics, and impose a heavy maintenance burden. Instead, banks need a more strategic approach with relatively low operational costs and a future-proof compliance framework.

At the same time there should be no compromise in the sophistication and quality of balance sheet modelling.

### Deeper understanding of the balance sheet and exposure

Finastra makes this possible with ALM IQ. This turnkey ALM and liquidity solution is based on Risk ARC, Finastra's market-leading risk and compliance solution. With ALM IQ, banks can manage their banking book risk through Asset and Liability Management (ALM/IRRBB).

Above all ALM IQ offers a faster, deeper understanding of the balance sheet and exposure, enabling banks to optimize their positions under multiple regulatory constraints. Shielded from risk and able to make confident decisions in shorter timeframes, banks are better equipped to serve the financial needs of the community including private individuals and small-medium enterprises (SMEs).

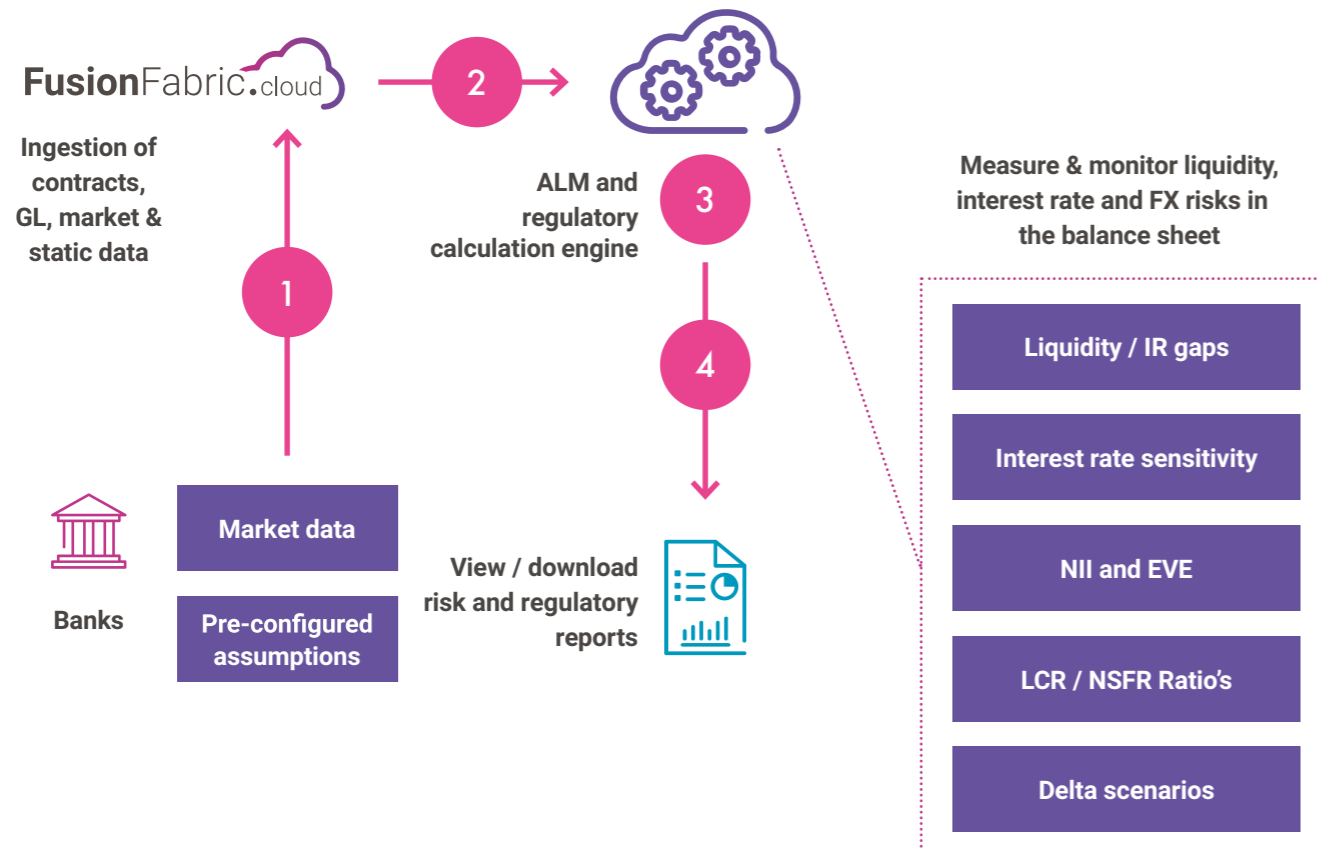
When it comes to managing risk, banks find themselves pulled in many different directions at once. ALM IQ enables banks to adapt to overcome the key challenges facing the sector.

- Respond to regulatory pressure that increasingly focuses on interest rate risk and liquidity.
- Modernize and replace quarterly reporting cycles with dynamic data-based supervision.
- Insulate the business from increased volatility and inflation caused by geopolitical 'black swan' events.
- Adapt to changes in customer behavior triggered by rising interest rates.
- Increase agility in response to competition from innovative and fully digitized platforms.

**// Tailored to the needs of small and mid-size banks, ALM IQ can be quickly deployed as a cloud-based, SaaS solution that reduces total cost of ownership by minimizing customization and maintenance. //**

# The SaaS banking book solution that is fast to deploy, lowers TCO and accelerates reporting

From data ingestion to deep analysis and intuitive reporting, Finastra ALM IQ is a low-cost, future-proof solution that integrates IRRBB principles with ALM policies, thus optimising the bank's risk management framework.



1. Data ingested by the bank's existing core solution, including Fusion Phoenix and Fusion Essence. This includes contracts, market and static data.
2. Consolidated data accessed by the ALM and regulatory calculation engine. Includes economic scenarios, behavioral analysis, credit risk scenarios and new business scenarios.
3. Flexible measurement and monitoring tools for holistic view of risk in the balance sheet.
4. At-a-glance data and metrics via an intuitive dashboard. Automated report generation for the wider business.

## The Finastra advantage

- Sector focus: Market leading ALM solution tailored to small and mid-size banks.
- Standardization: No customization required; standard reports included.
- From cost to profit center: ALM IQ helps to drive the business thanks to a holistic view of the balance sheet.
- Platform based: Scalable, on demand.
- Fast to deploy: Open banking approach ensures rapid journey to value.
- Predictable costs: Low TCO, no maintenance, automatic updates (evergreening).
- Exponential value: Activate additional modules from Finastra and third-party vendors.
- Efficiency: Automated workflows, combined with powerful risk and regulatory reporting.
- Simplify compliance: ALM IQ uses stateless services and does not keep the history or any data of the customer.

# Analyze the past, monitor the present, prepare for the future

ALM IQ provides banks with the tools to better measure risk putting them on the front foot when managing and planning for the future. Banks get the best of both worlds: a state-of-the-art ALM calculating and reporting engine plus a streamlined SaaS platform that reduces the pressure on internal technology resources and lowers TCO.

## **Fast, detailed view of balance sheet**

**structure:** Gain a deeper understanding of asset and liabilities increases efficiency and profitability while reducing interest rate risk. ALM IQ enables banks to take this balance sheet optimization approach beyond fortnightly ALCO meetings, transforming risk data into a source of non-stop **competitive advantage.**

## **Accelerate time to market of new products:**

Quickly model and stress test new products for individuals and business customers. With interest rates changing on a near monthly frequency, this is an opportunity to turn volatility to your advantage and expand the customer base.

## **Boost confidence with supervisory**

**institutions:** Increase trust with shareholders and investors when modelling the potential impact of interest rate changes. Faster, accurate reporting also reinforces confidence with external organizations including the OCC, FHLB and the Federal Reserve.

**Rapid deployment:** Quickly integrate IRRBB principles with ALM policies and optimize the bank's risk management framework.

## **Future-proof, proven platform for growth:**

Adapt to rapidly evolving risk management expectations from regulators and customers. Finastra ALM IQ provides a standardized governance framework to which can be added Fund Transfer Pricing (FTP) and which supports compliance with regulations based on LCR, NSFR, credit risk, market risk and IFRS (CECL).



## ALM IQ in a nutshell

### Banking book SaaS, ALM and CECL methodology

ALM IQ can be used as a cloud service, seamlessly working alongside other partner fintech cloud offerings mentioned earlier.

Finastra partners with leading managed services providers, combining deep expertise in delivering treasury and risk management solutions with cloud native experience, in order to offer evergreen cloud reliability, monitoring and support with minimal infrastructure requirements.

### Benefits



A fully supported and evergreen cloud solution for balance sheet management



Increased operational efficiency (zero onsite deployment)



Quicker time to market for new features and business functionalities



Seamless software updates with minimal disruption to ongoing business operations



Scale on demand. Adjust platform's capacity with business growth



Reduced TCO of Treasury management by an average of about 20 to 40%



Preferential tax treatment of the spend as OpEx instead of CapEx



Strong security and reliability of the cloud

### About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (digital, retail and commercial banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by ~8,600 institutions, including 90 of the world's top 100 banks. For more information, [finastra.com](https://finastra.com)

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