

## Margin Planning for Effective Decision Support



### Efficient Modeling Drives Business Insight

With the complexities surrounding the creation of effective drivers and assumptions as well as changes in market conditions, banks struggle to effectively and efficiently produce transparent and insightful results. To improve the accuracy of financial plans, banks need the ability to forecast deposits and loans on the balance sheet to effectively calculate net interest margin, non-interest expense, and income. Additionally, they must continually evaluate the impact of market volatility, consumer trends, and abrupt industry changes on their financial statements.

[Bank Financial Planning: Methodology that provides insight and improves accuracy in the planning and forecasting process for banks.](#)



### Key Features

- > Built on Oracle EPM Cloud
- > Top-down planning and forecasting
- > Sophisticated modeling provides analytics of pre-payments speeds, current and new business, and run-off business
- > Scalability and flexibility allows seamless integration of new products or acquisitions
- > Single source for plan and forecast modeling logic supports a diverse product and business mix
- > Reliability and integrity of data
- > Visualize results with comprehensive reporting and metrics for executives, managers, and planners

# Scalability

## > Balance Sheet Planning

As interest on deposits and loans are the primary driver of a bank's earnings, balance sheet planning is a critical step for providing insight to understand balances of deposits and loans to calculate net interest margin and non-interest expense and income. Therefore, planning the balance sheet is critical to providing the confidence required to produce accurate earnings estimates.

## > Funds Transfer Pricing

In planning financial statements, banks require an effective funds transfer pricing methodology. This serves to calculate spreads above or below a benchmark cost of credit of funds. In addition, it provides the insight that allows treasury departments to quickly react to the plan and forecast.

## > Transparent Results

Banks need to understand the impact of important factors including changes in prepayment speeds, run-off or business sold, existing or new deposits and anticipated loans. Additionally, banks need to bifurcate the impact of market changes over the course of a year, helping to better understand the current and future impact to the organization.

## > Scenario Modeling

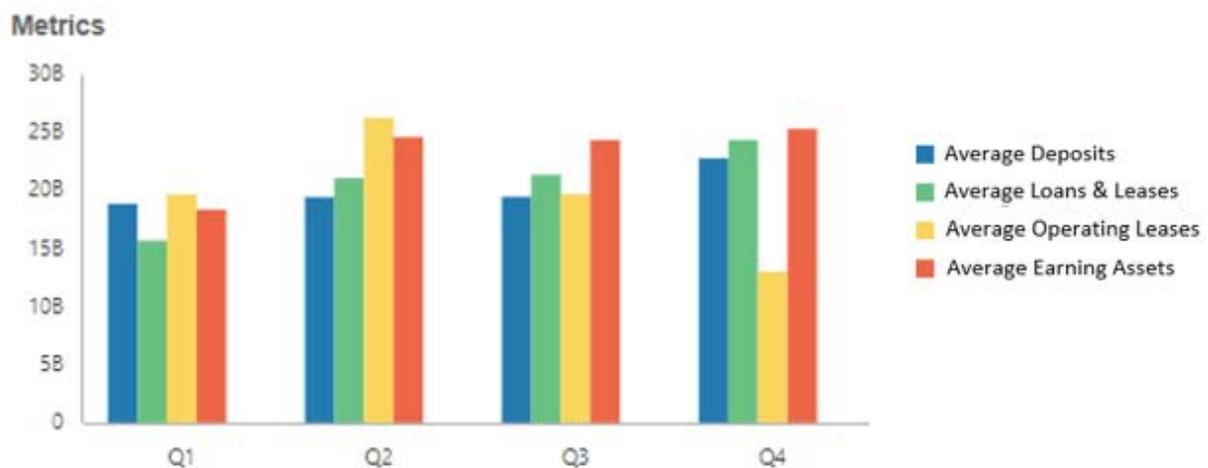
Quickly adapting the plan and forecast based on ever-changing market factors and macroeconomic variables provide the agility to baseline and analyze factors that may cause a material impact.

## > Flexibility

Whether through organic growth, acquisition, market trends, or new source systems, the ability to scale the plan and forecast to meet the demands of the business is critical.

# Key Benefits

- > Efficient delivery to consumers
- > Greater transparency into the impact of drivers on net interest margin
- > Multiple scenarios to evaluate changes in assumptions
- > Increase in value-added analytics
- > Decentralized administrative tasks



Canvas Example: Period Over Period Performance Analysis

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