

A close-up photograph of a man in a blue suit and striped tie, holding a silver pen over a white document. The background is blurred, suggesting an office setting.

SAVINGS MODELLING SOLUTION

UNBURDENING BANKS IN DAY-TO-DAY RISK MANAGEMENT
OF NON-MATURING DEPOSITS

Triggers for banks to evaluate their liability modelling

The recent interest rate increases, after a long period of mainly decreasing rates, and for several European markets even negative rates, bring forward new challenges for banks: At what point will client rates start tracking these rate increases and to what extent? What behaviour will occur within current accounts segments that actually behaved as savings accounts in recent years?

Challenges retail banks face:

- Behavioural interest rate risk modelling to accomplish regulatory compliance
- Internal (ALCO) and regulatory IRRBB monitoring and reporting
- Effective hedging of interest rate risk
- Stay up-to-date with market development

The Savings Modelling Solution unburdens by:

- ✓ Guidance to well-substantiated (best) market practice modelling that serves the bank's purpose and use
- ✓ Develop data-driven behavioural models that align with business line expert judgement
- ✓ Arrive at key risk metrics understood by stakeholders
- ✓ Construct replicating portfolios for monthly IR risk hedging
- ✓ Continuously update and refine models to market circumstances and evolvments

Robust and compliant non-maturing deposits modelling for day-to-day risk management purposes



5. Continuous improvement

Periodically calibrate the model. Include most recent (financial) market developments and regulatory demands.

4. Day-to-day risk management

Use the model for internal and regulatory **reporting**, monthly interest rate risk **hedge**, behavioural risk **insights** and **stress testing**.



3. Implement and align

Make sure model outcomes and key risk metrics (e.g., duration) are understood and supported by key stakeholders by using **our bespoke support**.



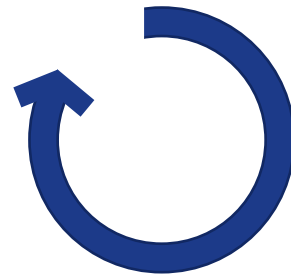
1. Design and choose a model

Use our **model design workshops** to determine model purpose & use and choose a best market practice model

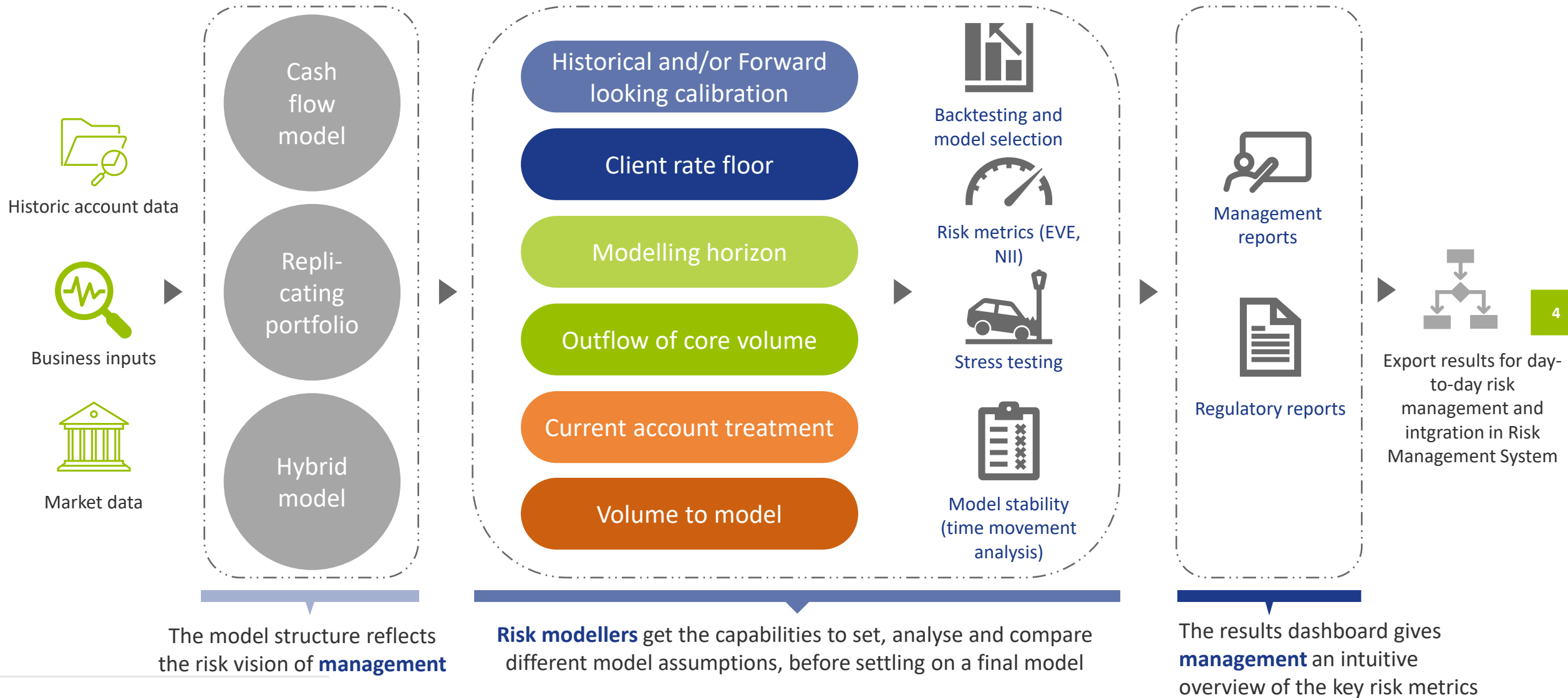
2. Develop your model



Gather business inputs and historical client rate, balance and market data and calibrate behavioural and replicating portfolio models with our **web-based tooling**.



The Savings Modelling Solution application



A robust cloud-based modelling platform

Our cloud-based modelling platform combines over two decades in supporting a wide range of clients in behavioral modelling with a powerful and flexible modelling and calculation engine.



Perform well-substantiated deposit modelling through a **structured process** using design workshops and cloud-based tooling, in line with an organisation's size and complexity



Ensure **model continuity** by leveraging the recurring support from our modelling experts



Stay in **control** and perform model reviews and backtest on the go that can support in management decision making

ZANDERS



- **Efficient** NMD model recalibration, (re)development, impact analyses, and/or ad-hoc analyses
- **Wide range of modelling options** for client rate, volume, and replicating portfolio models for S/A and C/A
- **Tools for modelling client rate in low/negative IR environment** ('soft' and 'hard' flooring modelling available)
- **Transparent model versioning and access**, easy to add model end-users from different departments/geographical locations
- Perform **model outcome stability analysis** (e.g., duration, convexity effect over time)

OUR EXPERIENCE

What we have done for our clients.

We supported **15 European banks** on non-maturing deposits model development, validation & outsourcing.

We are **preferred supplier** for various (systemically important) banks and regulators.

We provided **25+ clients** with innovative solutions using our **award-winning** proprietary FinTech platform Zanders Inside™



European Tax Innovator of the Year
European Tax Awards 2018



Top 25 FinTech Solution Provider
CIO Applications Magazine 2018

ZANDERS

See our latest insights to find out more.



Contact Us



The Netherlands (HQ)

Stadsplateau 33
3521 AZ Utrecht
The Netherlands
info@zanders.eu
+31 88 991 02 00

Belgium & Luxembourg

Schuttershofstraat 9
2000 Antwerp
Belgium
info@zanders.eu
+32 35 020 710

DACH region Switzerland

Gessnerallee 36
8001 Zürich
Switzerland
info@zanders.eu
+41 44 577 70 10

DACH region Germany

Tunisstraße 19-23
50667 Cologne
Germany
info@zanders.eu
+49 32 221 030 840

UK & Ireland

Battersea Studios 2
82 Silverthorne Rd
London UK SW83HE
info@zanders.eu
+44 20 7730 2510

USA & Americas

230 Park Avenue
New York NY 10169
USA
info@zandersadvisory.com
+1 21 2551 1400

Nordic region

Vasagatan 7
111 20 Stockholm
Sweden
info@zanders.eu
+46 855 121 140

APAC region

The ARGYLE aoyama 6F
2-14-4 KitaAoyama,
Minato-ku, Tokyo,
107-0061 Japan
info@zandersadvisory.com
+81 80 3255 9966