

Treasury Process Optimisation.

Case study



Company Overview

Company name	Cumberland Building Society
Founded	16 April 1850
Headquarters	Carlisle, England UK
Number of locations	34
Number of employees	634 (2023)
Company type	Building Society (Mutual)
Products	Financial Services, Insurance, Investments, Loans, Mortgages, Savings
Revenue	£.84.4 million (2023)

ALMIS Solutions

Customer since	2010
Solutions	Asset Liability Management Regulatory Reporting Hedge Accounting

Overview

The Cumberland Building Society has been a long-standing and valued client since 2010. During that time, they have seen the ALMIS solution grow, with much more flexibility and capability to deliver on regulatory changes and market updates. Today the Cumberland benefit from using the ALMIS Asset Liability Management, Hedge Accounting and Regulatory Reporting solutions to run the main aspects of their Treasury functions. We met with some of the team at the Society to learn more about their priorities, needs and overall experience of ALMIS.

Emily Graham, Treasury Manager, has been with The Cumberland for six years. She works in the Middle Office function and is responsible for Liquidity and Risk Management, running reports using the ALMIS integrated ALM and Regulatory Reporting solution. The Cumberland ensures continuous compliance in a fast-moving regulatory world.

Philip Hayward, Senior Treasury Manager, has over 15 years' experience working with ALMIS throughout his career. He joined The Cumberland 2 years ago, based in their Front Office where the deals are conducted and uses the dynamic financial planning models to assist budget forecasting and for audit trail purposes. He also uses ALMIS Hedge Accounting.

Stephen Koney, Regulatory Reporting Controller, has been with The Cumberland for 5 years. As part of his role, he uses ALMIS ALM and Regulatory Reporting modules for external and internal reporting.

Overall strategic priorities for the Treasury team include:

1. Adapting and preparing for new regulation: Basel 3.1, SDDT
2. Increasing automation and reducing manual intervention.
3. Continuously improve ROI, with increased usage of new functionality, performance and identifying areas for increasing efficiency.

The Solution

The Treasury team use the ALMIS solution to manage their ALM risks, this includes three core areas: market risk, capital adequacy and liquidity risk.

Market Risk module evaluates and reports on interest rate risk, including comprehensive Gap and Basis Risk, Economic and Earning Sensitivity, and Value at Risk.

Capital Adequacy enables reporting and analytics on the adequacy of capital resources to avoid losses. This includes calculation of risk-weighted assets, capital ratios, large exposures and counterparty credit risk. Designed to assist with production of ICAAP, capital stress tests and analysis of forward capital adequacy positions and ratios (in conjunction with Financial Planning).

Liquidity Risk enables evaluation of and extensive reporting on liquidity risk, including highly configurable liquidity stress functionality covering a wide range of risk factors to build stress scenarios for liquidity reporting including user-friendly standard reports based upon key regulatory returns.

“At the end of each quarter and at the year-end we use ALMIS to do the heavy lifting, using it to run the regulatory reports for BoE and PRA. As the report writer is pre-designed to meet regulatory standards it allows me to maximise time spent on value-add analysis.” - Stephen Koney, Regulatory Reporting Controller

The Society also use **ALMIS Hedge Accounting**, to minimise the administrative burden and reduce accounting volatility. It is particularly used for IAS 39 macro fair value hedge accounting.

“I couldn’t manage Hedge Accounting in excel . The ability to drill down into data and see all individual cash flows with the ALMIS software is invaluable” - Phil Hayward, Senior Treasury Manager

Customer benefits

The ALMIS system is deeply embedded within the Cumberland's treasury operations and with continuous improvement and new features available through upgrades, the team continue to benefit from up-to-date technology as well as establishing areas to improve performance with the ALMIS Health Check. Key customer benefits include:

One solution, one supplier, one source of truth

“We use ALMIS to run everything across the Treasury function. I know having ingested data from Front Office and our core banking platform, we could be using at least up to 5-7 different solutions but having everything from one supplier is fantastic. Especially when it comes to training. We only need to train staff on one solution instead of multiple different ones.” Stephen Koney, Regulatory Reporting Controller

First class customer support, documentation and new releases

The ALMIS product guides and documentation provide a great base for the Cumberland Treasury team to create their own in-depth manuals on procedure notes for new users on how to use ALMIS as well as providing new members to the team to shadow experienced users within the team.

“Whenever we ask for support, the team at ALMIS always respond quickly and are eager to jump on a video call to discuss something. This is a refreshing change in comparison to some other third parties we use.” Emily Graham, Treasury Manager

The Health Check offers clients the opportunity to derive additional value from the latest enhanced functionalities. “I would encourage everyone to do an ALMIS Health Check – the team were able to benchmark and create an action plan which has been highly beneficial in terms of performance improvements. It’s worth investing time in this even if it is only to cleanse old data” – Emily Graham, treasury Manager

Satisfies audit requirements and provides an audit trail

“The outputs are very good for audit purposes. It takes around a day or two to run ALCO Reports and Regulatory Reports using ALMIS – I imagine this would take much longer without ALMIS.” Phil Hayward, Senior Treasury Manager

Customer benefits

With more reliable data and clearer insights, the society can present a more comprehensive and precise view of their operations and in turn, make well-informed decisions based on accurate, up-to-date information.

Improved board reporting through increased visibility and accuracy

“Inputting data, running portfolios, reconciling portfolios then using the data for everything. That’s the whole point of ALMIS - we benefit from having a single source of truth for both our internal reporting, including our ALCO monthly pack, as well as regulatory submissions.” Emily Graham, Treasury Manager

Improved data quality and data granularity

“All our data goes in account by account; we have a very sizeable amount of data going through ALMIS. You can deep dive into many reports and the ability to compare this month’s data to last month is fantastic.” Emily Graham, Treasury Manager

Staying ahead of changes in Regulatory Reporting

“Over the last 5 years I have seen significant improvements in ALMIS in terms of flexibility and preparing for new regulatory changes. Any recent changes in regulatory reporting, ALMIS has it covered both in relation to the reporting templates required as well as product documentation.” Stephen Koney, Regulatory Reporting Controller



Would you recommend ALMIS?

The Treasury team is constantly seeking new opportunities to automate and enhance their approach to managing interest rate risk and hedge accounting. They are also committed to continually optimising their use of ALMIS solutions, while benefiting from a trusted, longstanding partnership.

“We look forward to this continuing now we are seeing the changes ahead with SDDT and Basel 3.1.” Richard Ellison, Chief Financial Officer

“I have only ever known ALMIS, and I strongly recommend them. The support they provide is great, including guidance and software training which allow us to constantly improve and work more efficiently. The client area also provides clear, visual instructions such as product guides and screenshots which means we can navigate the software, perform specific tasks and troubleshoot common issues easily.” Emily Graham, Treasury Manager

“Most big banks have someone in-house to just deal with any issues that come up with the solution, but with ALMIS it's so good we can fix it ourselves with the support of the helpdesk and the comprehensive and reliable product documentation which covers everything we need to do - saving us time and money.” Stephen Koney, Regulatory Reporting Controller