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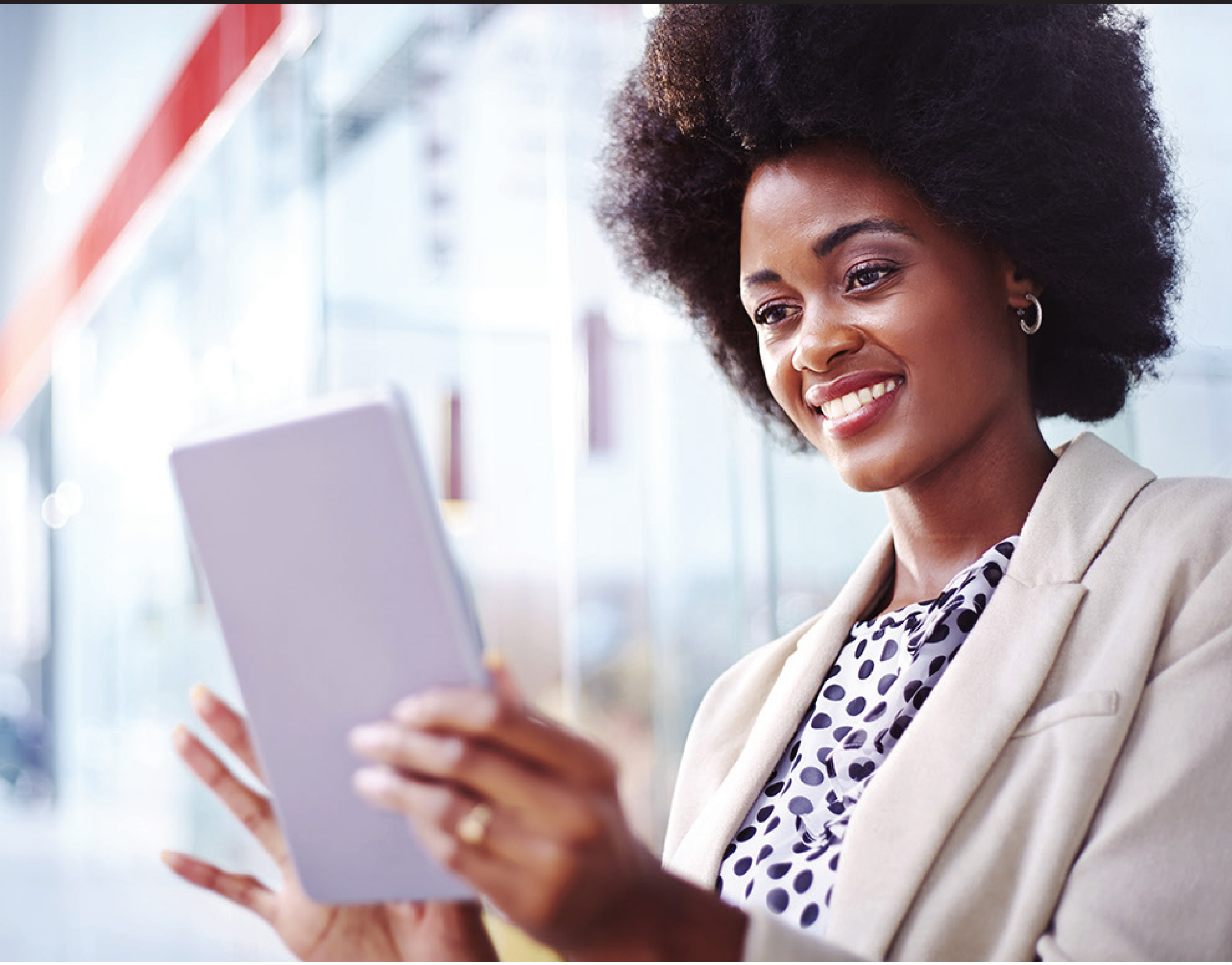


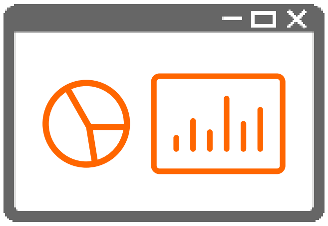
Want to Grow Your Financial Institution?

Change Your Approach to Budgeting

Between thinning margins, increasingly complex regulations and growing competition from nimble Fintech companies, today's financial institutions certainly have their hands full. While the past two decades' historically low interest rates are finally starting to rise, a relative scarcity of profitable loan opportunities isn't making matters any easier.

Fortunately, there are still plenty of opportunities for forward-thinking organizations to thrive, if they adapt. One of the opportunities is to transform budgeting and forecasting to gain the insights necessary for well-informed decisions about revenue and profitability.

For many financial institutions, budgeting is still a once-per-year affair involving thousands of spreadsheets, untold labor hours and incomplete data pieced together from disparate departments and branches. Projections and targets are issued in a top-down manner, and those targets, rather than profit, often become the focus of management. Not only is this traditional workflow inefficient, the inherent rigidity hampers efforts to react to an ever-changing financial environment.



Ultimately, financial institutions that aim to compete and thrive in the next decade will need to replace the traditional (but outdated) budgeting process with a more dispersed, data-driven and agile model – one that leverages up-to-date technologies and workflows to quickly respond to market events.

The Benefits of a New Approach to Budgeting

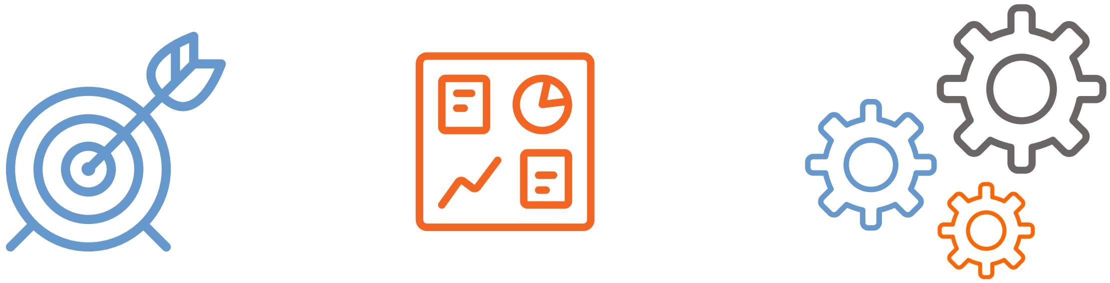
Finding the right approach to budgeting and forecasting can bring a host of benefits that ensure ongoing profitability and operational stability.

Course-correct in an unpredictable market.

Today's financial markets are as unpredictable as they've ever been, yet many financial institutions continue to pour resources into static yearly budgets. A 2018 APQC study, Cycle Time to Complete the Annual Budget, found that even the fastest-performing organizations have a 25-day budget cycle, while the slowest spend 57.5 days planning their year.

It's doubtful, however, that these large, upfront investments yield their intended ROI. In the 2015 Planning, Budgeting and Forecasting: An Eye on the Future report from ACCA and KPMG, more than 60 percent of respondents said that their budgets represent only a single point in time, and most respondents said budgets quickly become irrelevant.

To react to constant changes, both external and internal, financial institutions must shift from annual planning to rolling, evolving budgets and forecasts. Instead of allocating resources to a yearly budget, they would be better off spending the same – or even fewer – labor hours on smaller but more regular adjustments. With such flexibility, it becomes easier to treat budgets and forecasts as means to a more profitable end, rather than the ends themselves.

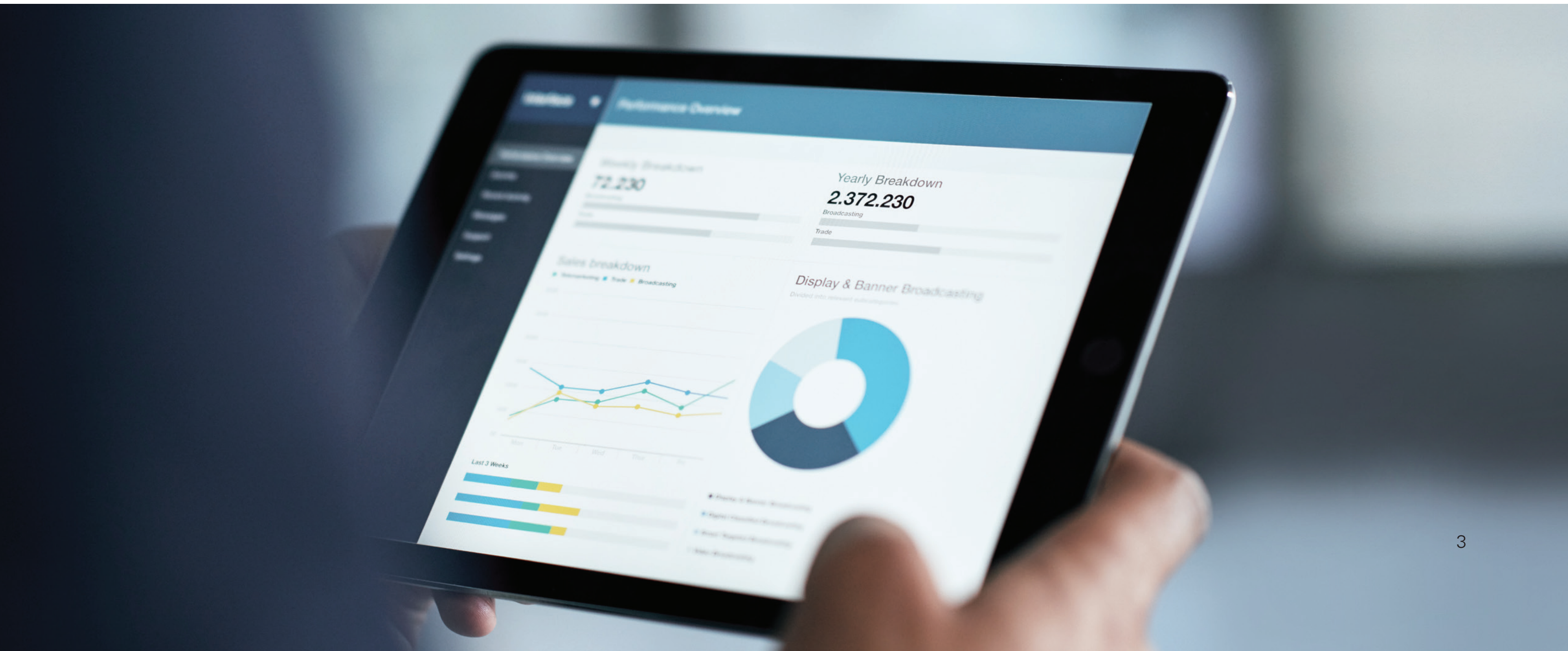


Support strategic decision making with advanced analytics.

In the digital era, finance is increasingly being given the opportunity – if not the obligation – to become a strategic advisor to the business. It can do so by boosting analytic and modeling capabilities, generating better predictions and deeper insights and helping the business formulate strategy and set a course for success.

Historically, budgeting and strategic planning have been discrete processes that were performed and managed separately. Without the ability to test "what if" scenarios, however, it's nearly impossible to create budgets that will remain relevant in unexpected or rapidly changing conditions. Thus it comes as no surprise that long-term forecasts have rarely met their mark. For example, only one in four CFOs meets their sales forecasts, and among the remainder, 16 percent are off by 6 percent or more, according to the 2016 CFO Indicator report, Peak Ascent: How FP&A Can Guide CFOs to Great Heights.

Incorporating analytics enhances the accuracy of institution-wide budgeting. It allows decision makers to stress test their assumptions to prepare for market changes or economic fluctuations. Modeling interest income and noninterest income and expenses under a variety of conditions gives stakeholders the ability to plan for the unexpected, to maximize opportunities and to make more robust decisions. It's an essential tool for successfully managing uncertainty.



"Organizations that adopt automation may see up to a 33 percent reduction in overall time spent on analysis."

Source: PwC, Stepping up: How finance functions are transforming to drive business results

Gain granular visibility into cost and profit centers.

Financial leaders cannot understand what's driving their organization's profitability without detailed, accurate information about how individual branches, lines of business or specific products are contributing to the bottom line. When running profitability analysis scenarios, it's imperative to be able to draw upon comprehensive current and historical performance data from all areas of the business.

Such visibility requires the adoption of centralized, standardized and widely accessible data repositories, along with a tool capable of instrument-level processing. It also calls for unlimited storage of historical data, projections and scenarios. Automating the process of collecting, storing and retrieving this data can save an enormous amount of time and lead to better forecasting and decision making. According to the 2017 PwC report, Stepping up: How finance functions are transforming to drive business results, organizations that adopt automation may see up to a 33 percent reduction in overall time spent on analysis.

When stakeholders understand how changing an individual general ledger account item will impact overall profitability, they can better allocate capital and more easily identify unnecessary costs.

Deeper insights into what's currently working – and what's not – enable better planning for the future.

Create a more collaborative culture.

Giving stakeholders across the business access to tools that improve the ability to see what's driving profitability allows them to participate more fully in the planning process. Better informed branch and department managers can collaborate more effectively with finance in setting goals and targets. They'll be better able to align their individual decisions whether or not to grant a loan or approve a capital expenditure, for instance, with the organization's overall strategy.

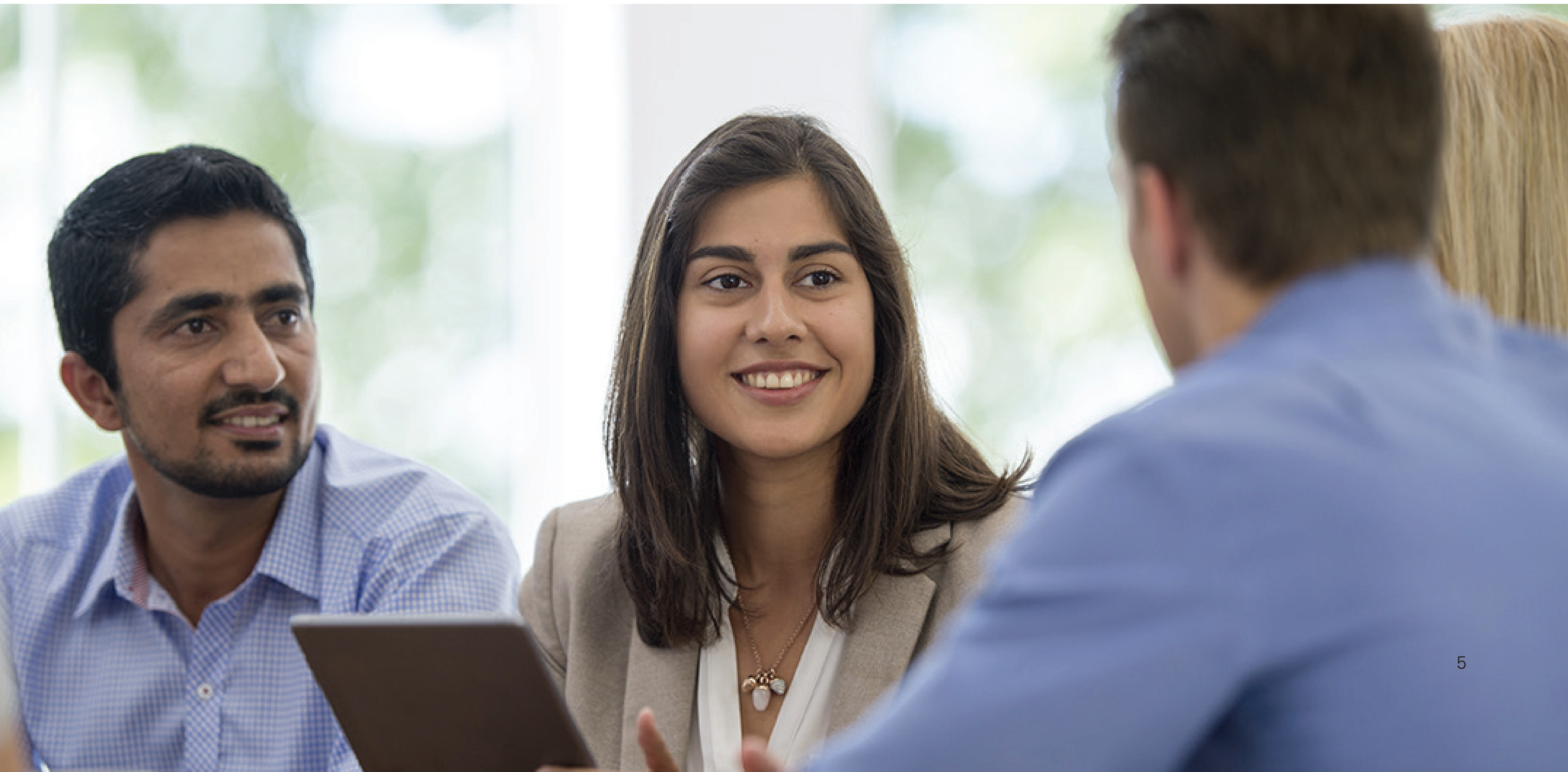
With branch managers better able to see how individual balance sheet components impact the organization's overall performance, they'll be empowered to participate in a more dispersed decision making process. This can lead to a greater sense of ownership, accountability and buy-in throughout the entire organization.

Monitor ongoing performance and measure results.

Even the most advanced, flexible and versatile analytic tools won't deliver maximum value to your financial institution if results aren't being used to guide decision making. To translate these results into actionable insights, you need a solution with visualization and reporting capabilities that makes it easy for stakeholders to digest and dissect the information.

Business users become data literate when they're able to understand the story behind the numbers. Clear, detailed data models and dashboards, along with powerful, flexible visual analytics, allow them to do just that. Such data discovery tools support better performance monitoring by enabling decision makers to identify trends and compare their assumptions with real-world performance data. This equips them to take action and adjust quickly when needed.

Presentation-quality custom reports support conversation, collaboration and inter-organizational engagement. They enable line of business users to share insights and results with management, and finance to filter information down to the details.

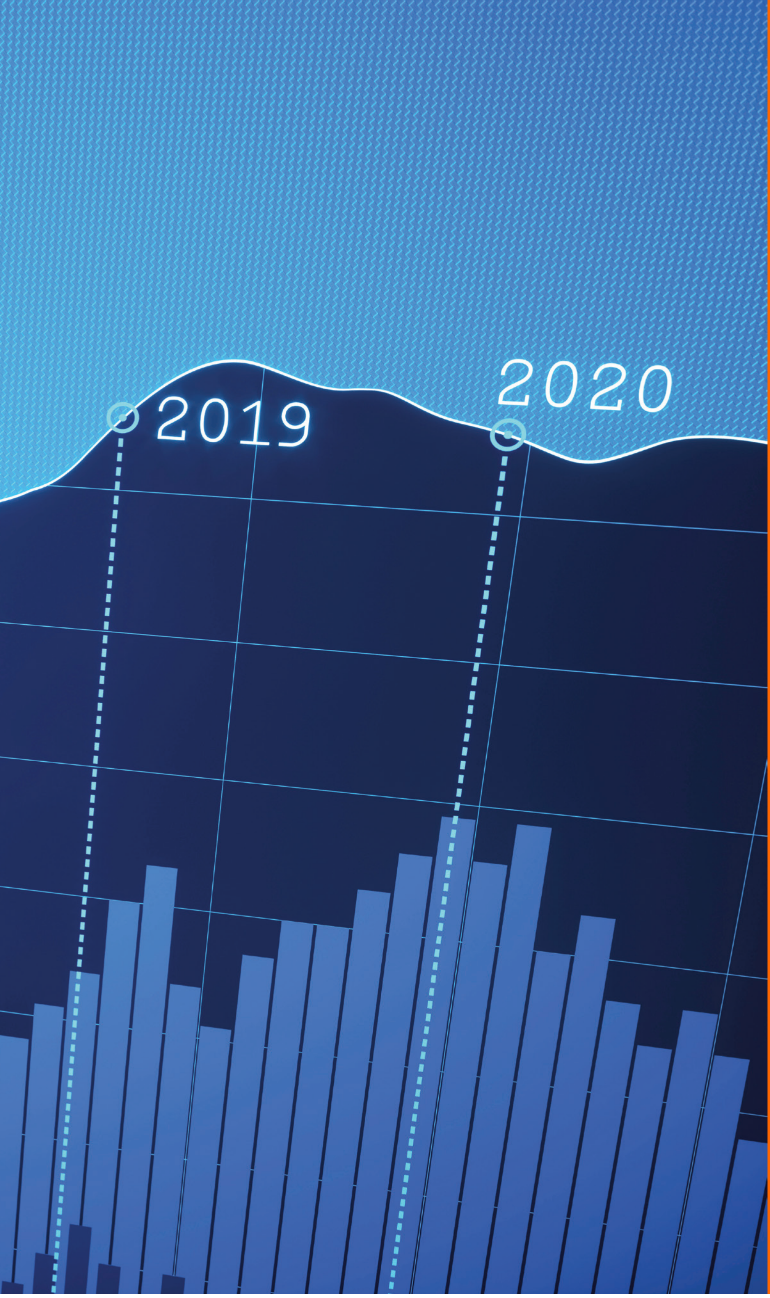


Boost Visibility and Accountability With Enterprise-Wide Control

Implementing a dispersed, flexible and agile budgeting and forecasting process requires the right tools. The processes by which data is recorded and collected must be standardized and automated, there needs to be a central data repository that all decision makers can access, and powerful modeling and analytics tools should be made widely available.

The solution?

Today's financial institutions need a budgeting and forecasting package that automates repetitive tasks, integrates seamlessly with a central data repository and offers fast answers to "what if" questions. The software should also include a variety of risk analysis tools, allowing users to weigh multiple scenarios and determine the most likely paths to success. It should be able to generate clear, visually attractive and readily comprehensible data overviews, graphs and reports. The platform should offer 360 degree insights by seamlessly integrating financial accounting, risk management and profitability measures. Finally, it should integrate into employees' current workflows, automatically combining and converting data into centrally accessible formats. The right solution will ultimately help you change your traditional approach to budgeting and effectively manage, measure and budget your financial institution's way to greater profitability.



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