

White Paper



Survey Results on Interest Rate Risk Management and Asset Liability Management Models

Question: What is your organization's charter type?

Number Who Answered: 205

Commercial bank or FDIC savings bank	143	70%
Credit union	18	9%
Thrift or OTS savings bank	44	21%

Question: What is the asset size of your institution?

Number Who Answered: 205

Less than \$100M	20	10%
\$101-249M	44	21%
\$250-499M	45	22%
\$500-999M	44	21%
\$1B or Greater	52	25%

Question: Are you currently running an ALM or IRR Model, either in-house or outsourced?

Number Who Answered: 201

Yes	No	
194	7	
97 %	3%	

Question: What is the job title (function) of the person responsible for your ALM/IRR modeling & reporting?

Number Who Answered: 175

CFO	92	53%
Controller	29	17%
Financial Analyst	10	6%
ALM Specialist	4	2%
ALM Analyst	6	3%
Other Answers	34	19 %

Question: How sophisticated does your organization consider itself to be with the ALM/IRR process?

Number Who Answered: 174

Novice	0	0%
Average	58	33%
Above average	74	43%

Advanced	37	21%
Extremely sophisticated	5	3%
Question: What is the primary use of your current ALM/IRR model?		
Please choose the top 3 uses from the following:		
<i>Number Who Answered: 173</i>		
Satisfy regulatory requirements	124	
Overall income and balance sheet management	114	
Management reporting	85	
Budgeting and forecasting	85	
Income projections	58	
Liquidity management	43	
Question: Who are the primary users of your ALM/IRR model?		
Please check all that apply:		
<i>Number Who Answered: 175</i>		
ALCO	161	
Senior Mgmt.	144	
Board	103	
C level executives	27	
Department or division heads	15	
Marketing	4	
Retail	3	
Other Answers	1	
Question: Do you currently model Off Balance Sheet positions?		
Please check all that apply:		
<i>Number Who Answered: 167</i>		
I do not model Off Balance Sheet positions	102	
Unfunded loan commitments	31	
Liquidity issues	29	
Liquidity contingencies	28	
Rate swaps	25	
Open lines of credit	23	
Purchased caps or floors	13	
Other contingent balance sheet items	12	
Unsettled investment transactions	6	
Question: What consumes the majority of your modeling time?		
Please choose the 3 most time consuming:		
<i>Number Who Answered: 173</i>		
Developing subjective assumptions	119	
Importing loan and deposit data	70	
Offered rate updating	68	
Balancing to the GL	64	
Reporting	44	
Bonds/investments data input	32	
Calculating time of the model	27	

Liquidity issues	23	
Other Answers	14	
Question: Approximately how often do you run your current ALM/IRR model?		
<i>Number Who Answered: 173</i>		
More than once a month	9	5%
Monthly	74	43%
Quarterly	88	51%
Less than once a quarter	2	1%
Question: How long does it take your model operator to load and run each run of your model?		
<i>Number Who Answered: 169</i>		
0 – 2.0 hrs	28	17%
2.1 – 4.0 hrs	49	29%
4.1 – 6.0 hrs	28	17%
6.1 – 8.0 hrs	31	18%
more than 8 hrs	33	20%
Main Question: What is your approximate annual ALM/IRR software cost?		
Question: In-house expenses (Please include depreciation and maintenance expenses but not salaries):		
<i>Number Who Answered: 89</i>		
Mean	\$20,663.00	
Median	\$5,000.00	
Question: Outsourced expenses (total cost):		
<i>Number Who Answered: 91</i>		
Mean	\$28,309.00	
Median	\$8,800.00	
Question: If you use consulting services from your model vendor in addition to your modeling, please specify which services are provided below:		
Please check all that apply:		
<i>Number Who Answered: 150</i>		
I do not use consulting services from my model vendor	83	
Interpretation of model output	40	
Balance sheet strategy	38	
Investment	29	
Liquidity	25	
Strategic planning	23	
Risk mitigation	21	
Capital planning	18	
Other Answers	9	