

# Growing Profitability in Uncertain Times

## Strengthening Balance Sheet while Efficiently Servicing Customers

Oracle Financial Services works with over 200 banks globally to support their profitability optimization efforts, providing a competitive edge in the marketplace with actionable intelligence and insights through its Performance Management solution suite. We enable banks globally to experience faster time to value through our enterprise risk and finance data catalogue containing pre-built capabilities and tooling. Created specifically for the financial services industry, the solution has been refined with over 25 years of experience in working with banks and industry practitioners.

### Faster time to value

Unleash the power of a fully connected ecosystem

- Common account level cash flow engine feeding different computations
- Seamless interaction between different applications
- Shared data and controls allow for a natural handover between funds transfer pricing, profitability, balance sheet planning and dash boards

Unified results data ecosystem fast tracks analytics by transforming data into actionable outcomes

- Common unified data source for all reporting and analytics
- Advanced analytical engine for interactive reporting

User friendly architecture

- Reduce burden on technology to make business changes. Intuitive user interface enables self-directed changes & maintenance
- Graphical interface for usage, maintenance, audit trail and reporting

### Identify silent drain on profitability

#### Detect Camouflaged losses not apparent at the aggregate level

Harness a financial services specific, fine grained data model

- Micro segment data to understand profitability right down to the individual customer level
- Conduct top down (from General Ledger down) and bottoms up (Account up) approaches with the ability to reconcile 100% of the results
- Inspect results with drill down from the LOB or product level to the account level

Access industry-leading funds transfer pricing capability with all-inclusive cost of funds rates

- Decompose all-in rates into components for better transparency
- Fully apply funding costs at a granular level for interest margin visibility



“Profit is not something to add on at the end, it’s something to plan for at the beginning

Megan Auman

#### Financial institutions are achieving substantial value

Potential to drive an extra **12%** revenue by using regulatory data for strategic decisions

Increase in employee productivity **+10%**

**20-39%** cost reduction in data integration

At least **25%** reduction in reporting and analytics time

## Intuitively model costs, profitability and more

### Make use of existing cost and profitability data to create new insights

Model and calculate cost of funds to derive granular profitability

- Match funding at a granular level through a leading-edge funds transfer pricing module
- Apply multiple modelling techniques to better replicate actual portfolios

Model and allocate direct and indirect costs using prebuilt expense modelling

- Assign costs as granularly as desired within the allocation engine
- Spread costs over multiple business units and LOBs

Model account or customer level profit & loss for a complete view of profitability

- Understand source of net interest income
- Show projections of income and other balance sheet measures

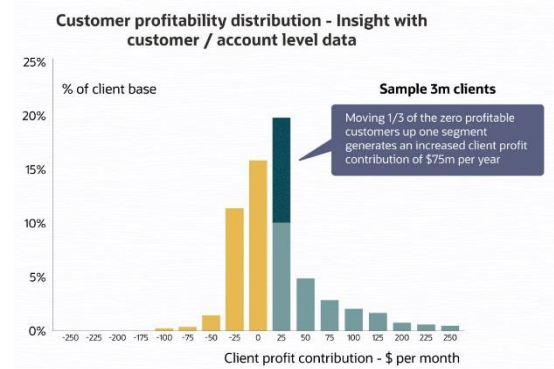


Figure 3: Insights from micro segmentation – Identify camouflaged losses and act on it

## One Ecosystem: Many Efficiencies

### Optimize cost and operational efficiencies with a unified ecosystem for analytics

Unified data management

- Data framework purpose built for the financial services industry and its applications
- One repository for data inputs and outputs
- Ability to talk “between” applications

Optimal workflow orchestration

- Applications all share the same ecosystem
- Processes orchestrated across the ecosystem can also incorporate external data and/or engines

Accurate, connected reporting

- Integrated and out-of-the-box reporting and analytics
- Hundreds of prebuilt reports and dashboards

Faster, less complex onboarding

- Reference architecture allows incremental modules to be easily implemented
- A unified user experience across business use cases
- Reduced training costs due to consistent way in managing data and processes

### % of Analyst Cycle Time Spent Collecting and Compiling Data vs. Analyzing Data

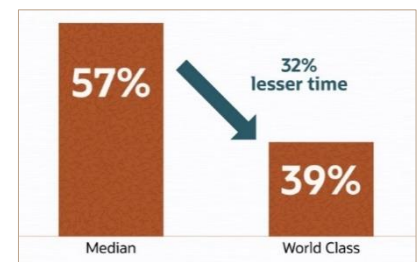


Figure 4: Advantages of data to report connectivity

Source: The Hackett Group, Book of Numbers; “Outperformance: Finance’s Journey Starts Today”

## Complete Transparency and Traceability

**Unparalleled level of control and governance across the ecosystem delivers confidence at every step for executive decision making and regulatory obligations**

Easier governance between data, process, and results

- Administrator roles to grant necessary access to data, applications and functions
- Grouped role capabilities for ease of administration
- Audit Trail: Automatic, Searchable, Exportable, and Full History



Transparent by design

- Viewable governance and audit history (role-based access)
- Exportable and reportable audit statistics

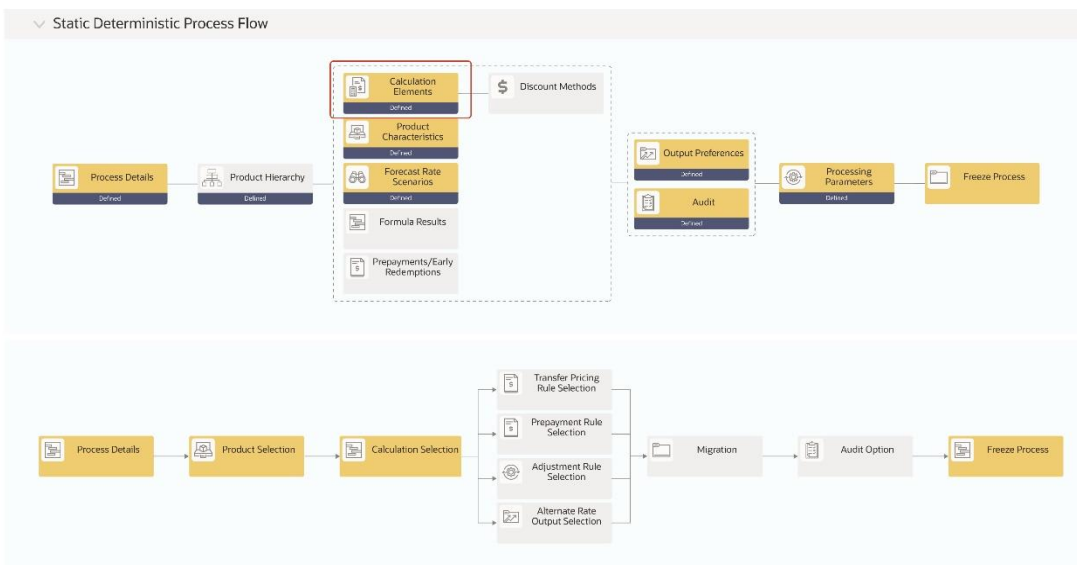


Figure 5: Transparent by design - Intuitive orchestration

## Oracle Financial Services Performance and Profitability Solution

**Profitability and performance is an enterprise wide concern.**



Oracle's Performance solution suite enables your teams to address that concern both at Enterprise level as well as unit/ customer level with native and connected calculation capabilities.



## GENERATE VALUE ACROSS THE CONNECTED CONTINUUM OF PERFORMANCE SPECTRUM



<b>Funds transfer pricing</b>	<ul style="list-style-type: none"> <li>Flexibly assign transfer rates to individual customer relationships proactively—not after the fact</li> <li>Enable multi-dimensional cost attribution and funds transfer pricing (including liquidity cost)</li> <li>Fully support instrument / customer level FTP and scale to volumes of the largest banks in the world</li> <li>Separate components of net interest margin</li> <li>Process FTP daily and incorporate the costs of maintaining a healthy LCR</li> </ul>
<b>Profitability management</b>	<ul style="list-style-type: none"> <li>Allocate costs at contract / customer level</li> <li>Gain an enterprise-wide view of profitability drivers, risk-adjusted performance, and performance across multiple dimensions</li> <li>Build sophisticated, multi-dimensional profitability models to ensure sound strategic decision making</li> <li>Perform enterprise-wide revenue and scenario analysis across customer segments, products, and reporting lines including fee income, interest, and interchange</li> </ul>
<b>Balance sheet planning</b>	<ul style="list-style-type: none"> <li>New business and earnings become the benchmarks, rather than total outstanding and volumes</li> <li>Plans and forecasts now have an unprecedented level of accuracy</li> <li>Customer level cash flow data</li> <li>Centrally administer interest rate, currency rate and economic indicator scenarios</li> <li>Expense allocation on a budgeted plan</li> </ul>
<b>Performance analytics</b>	<ul style="list-style-type: none"> <li>Track risk adjusted performance at multiple levels of the organization, starting from the most granular (account / customer) to aggregated entities</li> <li>Analyze expenses across customer segments, products/LOBs, and channels to understand ROI and performance across dimensions</li> <li>Engage in product specific analysis including customer distribution across industry, customer segments, regions, balance maturity and asset-liability balances</li> <li>Gain deep insights into enterprise-wide relationships of the customer, the instruments/products the customer holds and its associated performance to influence up-sell and cross-sell</li> </ul>

Watch the video  
**Drive Customer Profitability with Real-time Insights**

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