



BEST PRACTICE: PLANNING AND STRESS TESTING

CORPORATE CREDIT UNION HELPS CLIENTS PROACTIVELY MANAGE BALANCE SHEETS WITH UNIQUE WEB-BASED ANALYTIC TOOL

OVERVIEW

Providing risk modeling, liquidity reporting and valuation services to more than 50 credit unions ranging from \$25M to \$2B+, Vizo Financial Corporate Credit Union (Vizo Financial) has utilized ZM Financial System's OnlineALM.com™ tool for more than seven years.

PROBLEM

When validating other models, Vizo Financial often saw mortgage prepayment platforms that were insufficient. Prepayments were not being properly factored into multiple economic scenarios. Vizo Financial needed a robust platform that was both easy to use and directly accessible by its member credit unions.

SOLUTION

Vizo Financial employed ZMFS' OnlineALM.com to improve these clients' understanding of prepayments and their impact on modeling results.

RESULTS

Members are utilizing Vizo Financial's modeling services to its fullest potential in making strategic planning decisions, including mortgage prepayments and investments. For example, a credit union working with Vizo Financial was using insufficient modeling assumptions given the overall size of the institution. Vizo Financial used OnlineALM prepayments as a benchmark in the validation. This brought to light the importance of modeling prepayments correctly, and proved that continuing to use the other model could have been detrimental to the institution's future. This credit union now has gone from using a model just for regulatory compliance to utilizing OnlineALM for proactive balance sheet management.

"One of the advantages of OnlineALM over this credit union's other model was OnlineALM's ability to run simulations and stress tests for planning," says Melissa Scott, VP, ALM Services, Vizo Financial. "Because of the risk modeling available with OnlineALM, our member institution is now confident in the business decisions they are making knowing the information is sound."

“We actually see this quite often when it comes to validations,” continues Scott. “Members don’t realize what their models can’t do. We use the ZM OnlineALM model in validations and run benchmarks to show members what their data should look like. The fact that mortgage prepayments are built in is a huge benefit because most other models don’t include this and it is often an extra fee. Often, our biggest challenge is getting our members to understand the value of modeling. With OnlineALM, it is easy for us to run the simulations for them – and easy for us to help them manage their risk. Low-end models are just that – low end. They don’t give you an option for sophisticated modeling with ease of use like OnlineALM does.”

OVERALL EASE-OF-USE

ZMFS’ OnlineALM.com is a menu-driven, intuitive web interface that streamlines the process of loading data and behavioral assumptions, creating efficiencies that allows more time to focus on analysis. Vizo Financial also underwent a review process analyzing OnlineALM versus another modeling software tool.

According to Scott, “When we went through the review process, we realized the value in ZM OnlineALM. This tool allows us to focus on our clients and their modeling needs without having to provide the IT infrastructure, IT staffing, model new release testing and/or maintain separate contracts with IDC and Moody’s. We feel for a small service bureau, we are able to provide the top model in the industry without having to perform some of the back-office work. Many of our members like that OnlineALM is transparent – that they can run their own simulations in addition to what we are running for them. And the more we can get our members thinking about risk and the future, the more successful we will be overall.”

LEARN HOW OUR SOLUTIONS CAN HELP YOUR INSTITUTION WITH PLANNING AND STRESS TESTING

Contact us today: **Email:** sales@zmfs.com **Phone:** 919.493.0029 **Web:** www.zmfs.com [Schedule Demo](#)

ABOUT ZM FINANCIAL SYSTEMS

ZM Financial Systems believes financial institutions must have access to stronger analytics to perform confidently in an uncertain world. From securities and fixed-income analytics, credit-adjusted ALM and liquidity to risk management, budgeting and funds transfer pricing, our models allow you to analyze potential outcomes for many different scenarios...and sleep better at night knowing you have defensible decisions.

Founded in 2003 on the belief that institutions needed access to strong analytics, ZMFS is a privately held corporation head-quartered in Cary, N.C. In addition to the 25 percent of our staff who have PhD’s in the advanced quantitative field, our development and product support teams all have experience in the finance arena. This means our clients can have stronger confidence in their bottom line and balance sheet decisions, knowing the tools they are using reduce their risk while increasing capital. Discover why more than 2,000 institutions have implemented our integrated systems to neutralize the effects of economic uncertainty.

