

2-Minute FTP Quiz

How would you describe your bank’s FTP Model and process and risk and profitability management exercises which depend on FTP rates and spreads?

Option A	Option B
<input type="checkbox"/> The model used is transparent	<input type="checkbox"/> The model used is a black box
<input type="checkbox"/> Regularly consulted by management and the lending and deposit gathering business segments	<input type="checkbox"/> Frequently ignored by management and the lending and deposit gathering business segments
<input type="checkbox"/> Business units that are thankful for FTP rates and spreads that provide meaningful guidance on pricing and performance management exercises	<input type="checkbox"/> Business units that complain constantly about FTP rates and spreads that are useless for pricing and performance management exercises
<input type="checkbox"/> Business segment margin forecasts that are stable regardless of deviations between actual and budgeted interest rates	<input type="checkbox"/> Business segment margin forecasts that break when interest rates change
<input type="checkbox"/> Creates loan and deposit FTP rates and spreads which are easily forecastable	<input type="checkbox"/> Creates loan and deposit FTP rates and spreads which are difficult to forecast
<input type="checkbox"/> Compensation schema that embrace FTP rates and spreads	<input type="checkbox"/> Compensation schema that ignore FTP rates and spreads
<input type="checkbox"/> Strategies that are mutually beneficial for the lending and deposit gathering business units and the bank	<input type="checkbox"/> Strategies that are good for the lending and deposit gathering business segments but that are not so good for the bank
<input type="checkbox"/> Demonstrates economic integrity	<input type="checkbox"/> Lacks economic integrity
<input type="checkbox"/> IRR and LR exposures that are analyzed at a business segment and product level	<input type="checkbox"/> IRR and LR exposures that are only analyzed at a consolidated level
<input type="checkbox"/> The FTP Model is used to estimate mismatch center earnings that are a central point of discussion at ALCO	<input type="checkbox"/> What mismatch center? All earnings belong to the business units.

Did you choose Option B for any of your answers? If you didn’t select Option A for every one of your answers, we’d like to speak with you about your FTP process and introduce you to some of our clients who would love to share their stories with you.

Organizations which embrace a transparent and comprehensive approach to developing, utilizing and managing FTP have more clarity around and control over the drivers of earnings, especially as interest rates change.

It is possible to eliminate the noise, confusion and frustration associated with an ineffective FTP process. We would love to show you how. Please contact us.