

# ATB Financial: Automating Hedge Effectiveness Testing with FINCAD

## ATB Financial™

Based in Alberta, Canada, ATB Financial is a world-class financial institution with over 300 branches and agencies, more than 5,000 team members and \$55.1 billion in assets<sup>1</sup>. The financial services provider offers trusted retail and commercial banking, credit cards, digital banking, wealth management, and investment management services. ATB was recently recognized by Great Place to Work® Canada as being the #1 place to work in Canada, as well as one of the Best Workplaces for Inclusion and Best Workplaces for Women.

### THE CHALLENGE

ATB's challenges centered on hedge effectiveness testing. To handle this testing, a regression VBA macro in Excel was used that was designed by an external consultant. The problem was that the macro had been built 10 years prior, and was unable to handle two of the more complex portfolios. The two portfolios had a couple of unique nuances, including a cross-currency swap that was hedging a U.S. dollar amortizing deposit and in the other portfolio, a macro hedge, which included swaps that were hedging treasury bills and fixed floating bonds. Unfortunately, ATB's hedge effectiveness testing macro could not accommodate this level of sophistication. As a result, ATB began their search for technology able to handle these unique portfolios, as well as future complex additions.

ATB also wanted to eliminate manual work around hedge effectiveness testing, a process that was highly

time-consuming given the large size and complexity of their portfolios. Introducing automation was therefore a key criteria in their search for a solution.

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### SOLUTION

ATB considered expanding use of its existing investment management software for hedge effectiveness testing. However, at the time, the provider did not offer coverage in this area. So ATB's management spoke with their advisors who recommended FINCAD as a market-leading solution.

<sup>1</sup> As of March 31, 2020

“We were drawn to FINCAD because it is a cloud-based solution,” commented Lisa Bradley, Vice President Finance, Corporate Controller at ATB. “The Excel model we had been using was a resource drain and taxed our system to the point that we had to run the program overnight in order to be able to do our day jobs.”

## THE RESULTS

Implementing FINCAD for Hedge Effectiveness Testing proved to be a smooth process—thanks in large part to the great collaboration between ATB and FINCAD—that was completed within a tight timeline. Using FINCAD has afforded ATB strategic advantages, including:

**Significant Time Savings:** For ATB’s accounting team, hedge effectiveness testing is done monthly. However, this ‘side-job’ consumed a great deal of the team’s time and computing bandwidth. Implementing FINCAD has been an ideal solution to this problem, giving ATB’s accountants back the time they need to provide insight and value by focusing on their core work and responsibilities. Hedge effectiveness testing once took two days of work to complete, but now it takes mere minutes using FINCAD. Plus, because FINCAD is an automated system, once it was set up for ATB, it was then able to run automatically without any impact on ATB’s workflow or technology systems.

**Access to Expertise:** Hedge effectiveness testing involves understanding statistics, which is an area that does not align with the accounting department’s primary expertise. Because of this, they have valued having access to FINCAD’s team of professionals for ongoing support. “We have been impressed with the high level of knowledge and dedication demonstrated by FINCAD’s people,” said Bradley. “The team is very detail-oriented and has an eye for mitigating errors.”

**Staying Relevant:** Management at ATB have been delighted to move from Excel to FINCAD’s automated hedge effectiveness testing solution. This strategic choice has promoted remarkable time savings, given ATB assurance that their solution will remain functional and current, and provided the flexibility to evolve with the changing needs of the organization. “We are confident that, as time goes by and new functionality and standards are introduced, and logic is enhanced, FINCAD will remain more relevant than the Excel model, which was built more than a decade ago,” said Bradley.

“We value FINCAD’s expertise and would not hesitate to contact them for future needs as they arise.”

**LISA BRADLEY, Vice President Finance, Corporate Controller, ATB**

## LOOKING AHEAD

ATB is currently in the process of deepening their relationship with FINCAD. Plans are underway for adding new internal forecasting and risk assessment capabilities leveraging FINCAD. “We value FINCAD’s expertise and would not hesitate to contact them for future needs as they arise,” said Bradley.

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