

A profitable future

Chang Hwa Bank integrates data to improve financial management. *by Bill Tobey*

Chang Hwa Bank is one of the four largest private banks in Taiwan, and the second most profitable. It serves more than 5 million customers through a network of nearly 200 branches, with more than \$40 billion in assets under management.

In 2002, bank management launched an initiative to improve the timeliness and quality of the data that supports financial management and reporting processes. Several business requirements fueled this exercise:

- Shortening reporting intervals and expediting data delivery to business users
- Providing management with a single view of performance at branch, department and business unit levels
- Having more current, quality-controlled data for business decision support

To provide a central data management and analytical facility for its financial operations, the bank deployed a Teradata solution that included Teradata CRM. Data in the data warehouse is reconciled daily against the general ledger system to ensure quality and maintain the confidence of the more than 100 users in the finance, marketing and strategic

planning units. The Teradata system handles a range of analytical applications that give Chang Hwa a vastly improved understanding of the factors affecting profitability.

Daily net interest income accounts for 70% of Chang Hwa's bottom line and is the single most important driver of bank profitability. With access to detailed transactional data in the Teradata system and in a form optimized for analysis, Chang Hwa analysts can easily examine interest streams by customer, branch office and account officer. Individual interest streams can be calculated from the bottom up by aggregating transaction values from checking, savings, mortgage and other accounts, providing critical insight on how to interact most profitably with individual customers.

The Teradata solution has also improved the risk management area of finance operations. Creating and maintaining a current, aggregate view of risk exposure amid fast-changing market conditions had been difficult. Now, Dynamic Asset Liability Management, a new application built on the Teradata solution, provides an integrated view of foreign exchange, credit and market-



Jubi Lin and Hui Ju Jao are programmers and assistant managers at Chang Hwa Bank.

related risk. The system is updated and reconciled daily to provide early risk identification and appropriately timely information.

"In the past, our business users couldn't access this information without going through slow, labor-intensive manual calculations," recalls Jubi Lin, a programmer and assistant manager in Chang Hwa's IT division. "It seriously delayed our ability to identify risk and react effectively."

Chang Hwa's Teradata solution has given the bank's analysts and management a single, accurate and timely view of its customers and operating environment that allows rapid analysis along any line of vertical or horizontal inquiry and swift, effective response. "Our financial power users can immediately get the data they need to analyze relationships and evolving trends," says Hui Ju Jao, also a programmer and assistant manager. "It's given us a better basis for both short-term decisions and long-term strategy design." **T**

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Decision precision

Chang Hwa analysts rely on the data warehouse to generate a wide range of reports that provide decision support for various management audiences:

- Daily high balance fluctuation reports are created for accounts.
- Credit analysis is generated for enterprise customer accounts.
- Per-product performance analyses are conducted.
- High-risk customer lists alert management to abnormal transactions or unusually high transaction volumes that may indicate fraudulent activity.
- Delinquent loan reports trigger appropriate loss-mitigation action.