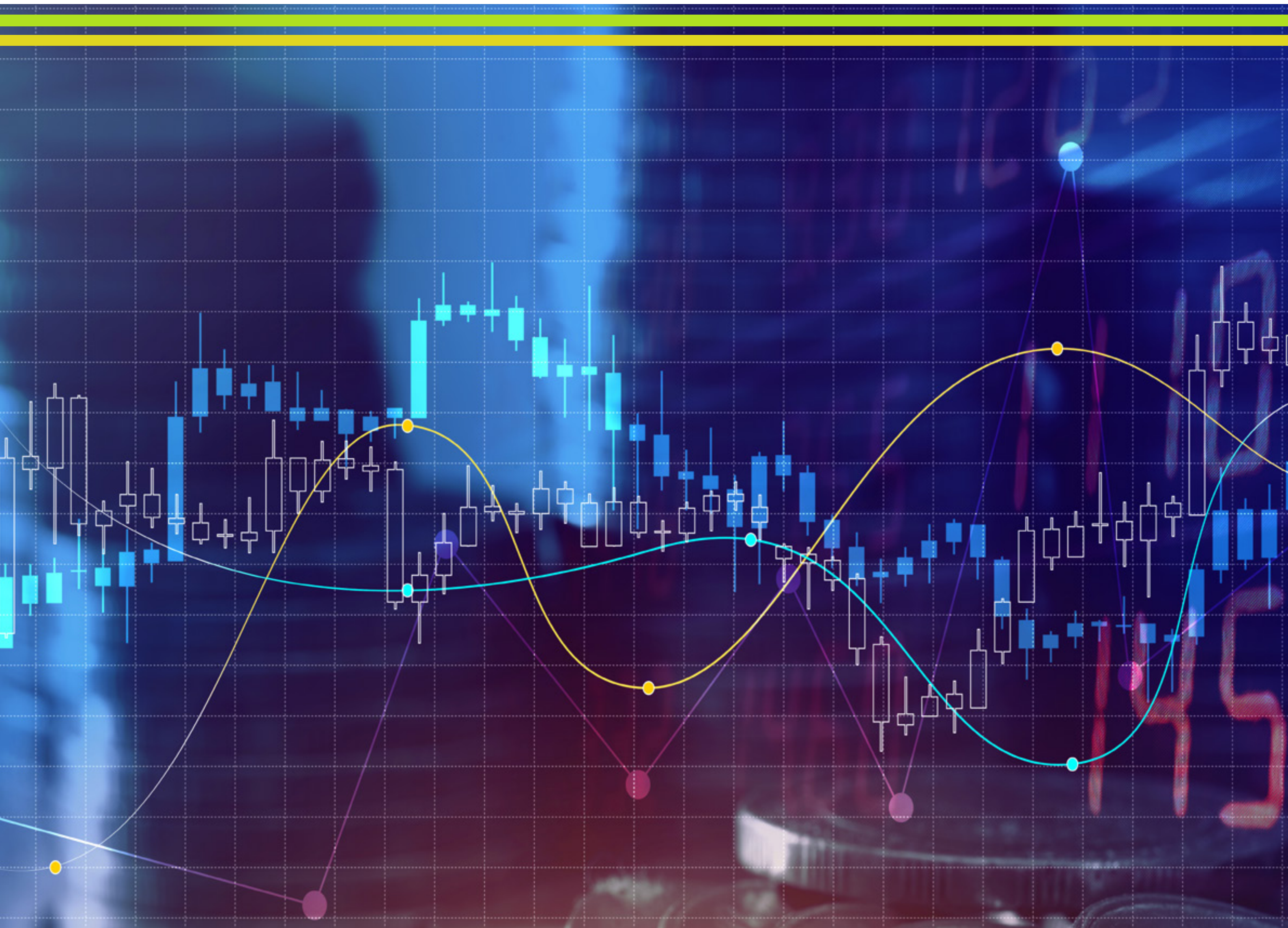
Market Quadrants

Chartis

ALM Solutions, 2024



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Market Quadrants Report

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For details of Chartis' research methodology, **click here**.

The Chartis view

- **Monetary policy shifts are stabilizing.** While the pace of monetary tightening has slowed in many regions, banks are still navigating substantial uncertainty. Depending on the regional inflationary context, some central banks continue to be in tightening mode. Lessons from the 2023 banking crisis remain vitally important, with regulators reassessing key aspects of their supervisory and regulatory frameworks. Focus areas include liquidity management practices, stress-testing protocols and interest rate risk management, as financial institutions face ongoing challenges in both asset performance and deposit behaviors.
- **Scalability and complexity.** With increasing regulatory requirements, ALM systems must now handle more granular data and run more frequent, complex simulations. Scalability has become a key differentiator for ALM vendors, allowing for the processing of larger datasets and integration of multiple risk scenarios.
- **System efficiency.** Effective ALM systems hinge on the consolidation of cashflows from various sources, alongside behavioral aggregation models that accurately predict customer behaviors, including deposit flows, loan prepayments and withdrawal patterns. Robust data

integration and reconciliation are essential to ensure accurate financial projections and meet increasingly stringent regulatory standards, particularly in such areas as liquidity risk management (LRM) and stress testing. Cloud-based asset and liability management (ALM) solutions are increasingly popular for new deployments, providing benefits like scalability, cost-efficiency and operational flexibility. Despite this, the transition from legacy on-premises systems to the cloud remains challenging and slow-moving for many institutions, largely due to complex system integrations. In regions with strict data residency and privacy regulations, banks must implement creative cloud work-arounds, such as hybrid cloud solutions or localized data centers. Significant components of ALM solutions are compute-focused and can leverage new compute-focused HPC and GPU clouds.

- **Regional fragmentation.** The ALM technology vendor landscape remains highly fragmented, with significant regional differences in regulatory frameworks, customer preferences and economic conditions.
- **Interlocking analytical requirements.** ALM processes span multiple departments within financial institutions, including treasury, risk management and balance sheet optimization. As a result, ALM systems must accommodate diverse modeling methodologies and data requirements to provide a comprehensive view of both the balance sheet and the income statement. The ability to reconcile these perspectives is essential for effective risk assessment and decision-making.
- **The role of non-banking financial institutions (NBFIs).** Non-banking financial institutions are playing an increasingly significant role (in certain geographies, and their legal structure is jurisdictionally specific), both as clients for ALM solutions and as contributors to the broader financial system's liquidity and stability. As NBFIs become more embedded in financial markets, they face evolving liquidity and risk management and regulatory challenges, presenting new opportunities for ALM vendors.

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Executive summary

This 2024 edition of Chartis' ALM solutions industry report tracks the market landscape during a period of heightened monetary uncertainty, which is significantly impacting banks' ALM strategies. This report builds on insights from the **2021 report**, which detailed various roles and departments within the ALM value chain, covering such areas as liquidity risk management, balance sheet optimization and FTP.

In 2024, monetary tightening, duration risk and liquidity crises continue to drive the re-evaluation of ALM strategies and risk management practices. Our **2023 report**, launched in the aftermath of the international banking crisis, examined the implications of the Silicon Valley Bank incident on broader industry perspectives on ALM, as well as the stability of the banking sector. Chartis focused on the structural run risk highlighted by the incident – specifically, how to handle a large concentration of depositors and counterparties and manage liquidity risk profiles. The incident highlighted how duration mismatches and rising interest rates can dramatically erode asset values and trigger liquidity shortages. In the context of ongoing interest rate volatility, firms must anticipate and address these risks while managing interest rate sensitivity and navigating the impact of shifting net interest income (NII) and economic value of equity (EVE).

Building on this backdrop, Chartis observes several key trends in the market:

- **An increased focused on interest rate risk.** As defined above, the increased dynamics of monetary policy, accompanied by its divergence in different countries, is increasing the focus on interest rate dynamics. This renewed focus comes within a more complex interest rate architecture (with LIBOR replacement) and significant restructuring of credit intermediation. For central banks, the restructuring of the credit intermediation ecosystem poses many challenges, including decreasing clarity around the efficacy of monetary policy. The transmission mechanics around monetary policy are increasingly unclear.
- **Increased integration of pricing and analytics libraries (derivatives, securitized products, etc.).** The rising importance of derivatives in hedging against such risks as interest rate volatility and currency fluctuations has seen a growing demand for integrated derivatives pricing and option-theoretic modeling in ALM solutions. However, not all regions

technology solutions meet an organization's needs. The RiskTech Quadrant® does not simply describe one technology solution as the best; rather, it has a sophisticated ranking methodology to explain which solutions would be best for buyers, depending on their implementation strategies.

This report covers the following providers of ALM solutions:[1] Acies, ALM First, Bloomberg, Cognext.ai, Detech, Empyrean, FIMAC Solutions, Finastra, FIS, Intellect Design, Kiya.ai, Mirai, Moody's, MORS Software, Nasdaq, Numerical Technologies, Oracle, Ortec Finance, Prometeia, QRM, SAS, SS&C, Surya, THC, The Baker Group, Wolters Kluwer and zeb.control.

We aim to provide as comprehensive a view of the vendor landscape as possible within the context of our research. Note, however, that not all vendors we approached responded to our requests for briefings, and some declined to participate in our research.

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Market update

Interlocking analytics across departments

ALM involves a complex integration of analytics and processes, connecting departments and requiring reconciliation between multiple metrics and strategies and policies. Indeed, the role of many of these interlocking departments has shifted, and varies across institutions. The specific role of different departments differs based on organizational size, structure and market focus (commercial banking versus capital markets, for example).

One example would be treasury departments, whose role and focus not only vary across institutions, but have also changed over time. While its specific functions can vary widely among institutions, in many firms, the treasury department adopts a strategic position within the ALM framework.

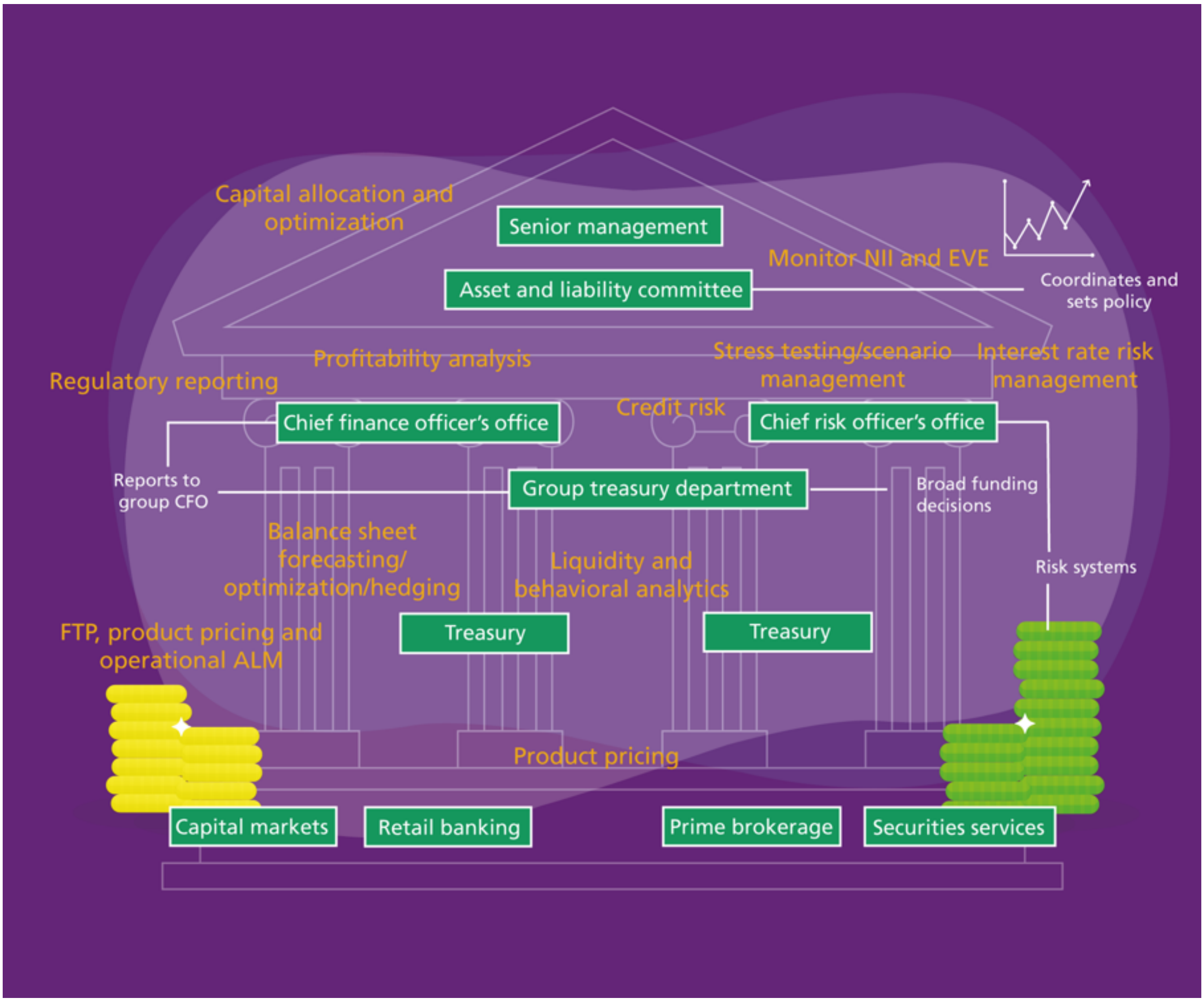
use these instruments to the same extent, and banks in emerging markets may generally adopt simpler approaches.

- **Increased relevance of banking-style ALM models to broader institutional base.** Either due to regulations (in specific jurisdictions) or a desire to manage interest rate risk, many institutions (such as NBFIs, FinTechs and other similar providers) are adopting banking-oriented ALM systems.
- **Focus on liquidity management.** Regulators are increasingly scrutinizing banks' liquidity risk management frameworks. In the US, this especially applies to smaller institutions that previously had fewer requirements. Enhanced regulatory frameworks, such as the liquidity coverage ratio (LCR), net stable funding ratio (NSFR), and internal liquidity adequacy assessment process (ILAAP), continue to shape the market.
- **Commercial real estate (CRE) exposure.** CRE exposure, particularly in the office space market, is posing substantial ALM risks for smaller US banks. CRE loans are characterized by long-term maturities and illiquidity, and post-pandemic decline in office space demand is amplifying the potential for loan defaults and deteriorating collateral quality. US regulators have intensified scrutiny of institutions with heavy CRE portfolios, which are often smaller banks. These banks often lack the sophisticated liquidity management systems and hedging mechanisms employed by larger institutions.
- **Importance of interest rate simulation.** As global interest rates become more volatile, firms are re-evaluating their ALM and investment strategies. The shift from ultra-low post-2008 rates to a more unpredictable environment makes interest rate simulation essential for managing risks. Firms must simulate how rate changes impact duration mismatches, prepayment behaviors and market yields while maintaining adequate liquidity buffers. This capability is critical for identifying vulnerabilities and ensuring long-term financial stability in a rapidly shifting rate environment.

Chartis strives to reflect the vendor market and end user requirements accurately in our quadrant and scoring criteria. The 2024 report will introduce two new quadrants: **Financial planning and budgeting;** and **Hedging and risk management**.

This report uses Chartis' RiskTech Quadrant® to explain the structure of the market. The RiskTech Quadrant® employs a comprehensive methodology of in-depth independent research and a clear scoring system to explain which

Figure 1: Aligning department perspectives and interlocking analysis



Source: Chartis Research

Liquidity risk management: increasing pressure and regulatory review

Since the 2008 financial crisis, liquidity risk management has become a central focus of regulatory oversight, playing a critical role in ALM. Key regulatory frameworks, including the ILAAP, LCR and NSFR, reflect the long-standing emphasis on liquidity risk. A critical tool in this oversight is the Federal Reserve's FR 2052a, *Complex Institution Liquidity Monitoring Report*, which is used by regulators to assess the liquidity profiles of large banks with assets exceeding $100 billion.

This heightened regulatory scrutiny is now extending to smaller institutions, particularly in the wake of the 2023 banking crisis. Many smaller US banks, previously exempt from such post-2008 reforms as heightened liquidity stress testing and related reporting requirements, are now facing increased regulatory attention, with exemptions being reconsidered.

The ongoing regulatory review is expected to broaden compliance requirements, potentially aligning US liquidity standards for smaller banks with those applied to larger institutions – and with the stricter frameworks seen in the European Union and UK. However, regulators are considering the operational burden this could impose on smaller US banks, many of which may lack the necessary infrastructure to support these complex liquidity requirements. Under the LCR and NSFR, liquidity positions must be monitored consistently while maintaining data lineages across all systems. LCR optimization can be challenging for banks, as they need to balance the required level of high-quality liquid assets and their net interest margin. Optimization requires a complex estimate of potential outflows using a variety of constraints, assumptions and variables.

Another key regulatory concern is the stability of the banking sector, particularly given vulnerabilities in CRE. Although US bank equity levels have largely recovered since the 2023 banking crisis, regulators remain focused on managing potential stresses. Smaller banks, those with assets under $100 billion, typically have higher exposure to CRE loans compared to their larger counterparts. As the CRE sector continues to struggle, with demand for office space failing to return to pre-pandemic levels, **credit risk is rising**, posing significant challenges for these institutions.

Liquidity risk management systems

As liquidity monitoring becomes more stringent, banks are required to frequently track inflows and outflows, with larger institutions moving toward real-time liquidity monitoring systems. The shift toward real-time data integration is particularly important for global institutions operating across multiple currencies, as cross-border liquidity management becomes increasingly complex.

Key components of liquidity management systems include:

- **Data integration.** Banks need architectures that can support the rapid capture and integration of large datasets across all business lines and currencies.

- **Stress testing and forecasting.** Short-term stress tests, conducted under the LCR framework, demand sophisticated forecasting tools that accurately model liquidity flows. Long-term testing, guided by the NSFR, requires advanced scenario generation capabilities.
- **Customer behavior modeling.** Accurate modeling of depositor behavior, particularly during stress events, is essential for robust liquidity management. There is scope here for the use of machine learning techniques.

As US regulators look to tighten liquidity stress-testing requirements, especially for smaller banks, the demand for advanced stress-testing and liquidity monitoring tools is expected to grow. These tools are already well-established at larger institutions, but smaller banks may face new challenges in implementing effective systems to meet heightened regulatory oversight.

Interest rate risk: navigating uncertainty

Interest rate risk, alongside liquidity risk, forms the foundation of ALM. Interest rate risk is monitored using such key metrics as net interest income (NII) and economic value of equity (EVE). These metrics, while related, serve distinct purposes, and, like liquidity metrics, operate over different time horizons. NII focuses on short-term profitability (over months or a few years), while EVE measures the long-term impact of interest rate shifts on the bank's balance sheet. Managing these two metrics often requires careful reconciliation, as strategies to protect NII (e.g., shortening asset durations) may have a negative impact on EVE, etc.

As the global interest rate environment undergoes rapid change, firms are being forced to re-evaluate their ALM and investment strategies. The era of ultra-low interest rates, which defined the post-2008 landscape, has been replaced by heightened rate volatility. In this new environment, firms must navigate risks related to duration mismatches, prepayment behaviors and shifts in market yields while keeping a close eye on liquidity buffers.

Beyond market challenges, banks are also grappling with increased regulatory scrutiny regarding interest rate risk in the banking book standards. For example, the European Banking Authority has made clear its intention to assess thoroughly how institutions are implementing these standards, particularly in the wake of recent interest rate hikes. Areas of regulatory focus include the assumptions used in interest rate modeling, banks' hedging strategies and the repricing maturity caps applied to non-maturity deposits, including the five-year cap currently applied in the EU. The Basel Committee on Banking Supervision also has proposed updating a supervisory test that assesses banks at risk from sudden changes in interest rates. These updates are expected to increase the size of shocks for a supervisory test designed to identify the outlier banks in the results.

Interest rate simulation continues to be a crucial component of ALM, as it informs risk assessment, strategic planning and regulatory compliance. Banks are investing in advanced ALM solutions that integrate sophisticated modeling, stress testing and forecasting capabilities. The accurate pricing of interest rate-sensitive instruments requires theoretical interest rate models for the simulation of interest rate paths.

Hedging and risk management

Derivatives pricing and option-theoretic modeling are increasingly critical components of ALM solutions across regional markets. These tools enable financial institutions to improve the management of risks associated with interest rate volatility, currency fluctuations and prepayment behaviors.

In the US market, the importance of option-theoretic modeling is heightened by the prevalence of prepayment options and mortgage-backed securities. Prepayment options, allowing borrowers to repay loans earlier than expected, introduce significant uncertainty for banks, requiring sophisticated modeling to hedge the risks that these behaviors create. Mortgage-backed securities, in particular, involve substantial exposure to interest rate movements, as changes in rates directly influence borrower prepayment behavior.

Beyond prepayment risks, interest rate derivatives (interest rate options and swaptions) play a central role in ALM by allowing banks to hedge against interest rate fluctuations. FX instruments are also crucial for managing foreign exchange risk, particularly for banks operating internationally.

Trends in the banking landscape (a snapshot)

- **Net interest income.** Higher interest rates and loan growth drove a resurgence of interest-rate-sensitive profitability for large US banks. However, these NII levels are not sustainable long term, and future rates will impact banks' strategies. The speed of increasing rate cycles has already made it difficult for banks to keep pace as they seek to price deposits strategically. The deposit pass-through rate varies significantly between institutions.

- **Bank deposit levels.** While deposit levels for commercial US banks have rebounded since March 2023, when customer deposit outflows pushed industry levels to **a low of $17.23 trillion**, regional banks are still facing pressure from the extra funding costs associated with regaining customer deposits. Stalling loan growth and high deposit interest rates are putting increasing pressure on regional banks. Larger institutions are better able to deal with increased market competition for deposit rates.
- **NBFI competition.** As competition from NBFI and FinTech firms intensifies, smaller US banks may look increasingly to mergers and acquisitions (M&A) as a strategy for survival and growth. While M&A can help banks scale, reduce costs and expand technological capabilities, the current environment of economic and regulatory uncertainty poses significant challenges to this trend. The operational, cultural and technical challenges of M&A, as well as increased regulatory scrutiny, may also deter banks.
- **Strategic funding shifts.** The strategic pivot of regional banks toward borrowing from the Federal Home Loan Banks and the Bank Term Funding Program signals a critical reassessment of funding strategies. This adjustment suggests a proactive response to heightened liquidity risks and systemic uncertainties.
- **Scale-based regulation in India's NBFI sector.** The implementation of scale-based regulation (SBR) for India's NBFI sector marks a significant departure from previous regulatory frameworks. By categorizing NBFIs based on size, activity and perceived riskiness, the SBR introduces a more nuanced and risk-sensitive approach to regulating institutions. The hybrid approach of combining entity- and activity-based regulation aims to strike a balance between stability and innovation. Its effectiveness will ultimately depend on its practical implementation and the ability of regulators to adapt to the evolving landscape of the NBFI sector.
- **BoE focuses on liquidity.** The Bank of England is making liquidity risk a focus. In a March 2024 speech, Nick Butt, the head of the Future Balance Sheet Unit, addressed the issue of margin practices, liquidity shortages and **procyclicality**. The speech notably emphasized the distinct liquidity challenges affecting NBFIs, their potential to amplify market stresses and

the need to broaden the provision of backstop liquidity to these institutions, given their growing role.

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Vendor landscape

Chartis RiskTech Quadrant® and vendor capabilities for ALM technology solutions, 2024

Figure 2 illustrates Chartis' view of the vendor landscape for ALM solutions. Table 1 lists the completeness of offering and market potential criteria we used to assess the vendors. Table 2 lists the vendor capabilities in this area.

Figure 2: RiskTech Quadrant® for ALM solutions, 2024

Source: Chartis Research

Table 1: Assessment criteria for vendors of ALM solutions, 2024

Completeness of offering	Market potential
Capabilities and breadth of optimization	Customer satisfaction
Scenario management systems (including specific ESG support)	Market penetration
Stress testing/reverse stress testing	Growth strategy
Interest rate modeling	Business model
Simulation engine(s) capability	Financials
Liquidity risk	
Balance sheet optimization	
Behavioral modeling	
Data management	
Integration capabilities	

Source: Chartis Research

Table 2: Vendor capabilities for ALM solutions, 2024

Vendor	Capabilities and breadth of optimization	Scenario management systems (including specific ESG support)	Stress testing/reverse stress testing	Interest rate modeling	Simulation engine(s) capability	Liquidity risk	Balance sheet optimization	Behavioral modeling	Data management	Integration capabilities
Acies	**	**	**	***	**	***	***	**	****	***
ALM First	**	**	**	**	**	**	**	**	**	**
Bloomberg	**	**	**	****	***	****	**	**	**	**
Cognext.ai	***	**	**	**	**	**	**	**	***	***
Detech	***	***	***	**	***	**	**	**	***	**
Empyrean	****	***	***	**	**	**	***	**	****	****
FIMAC Solutions	**	**	**	**	**	**	**	**	**	**
Finastra	**	**	**	**	**	**	**	**	**	***
FIS	***	***	***	****	****	****	***	***	***	****
Intellect Design	***	**	**	**	**	***	***	**	**	****
Kiya.ai	**	**	**	**	**	**	**	**	**	**
Mirai	***	***	**	***	***	****	****	**	****	****
Moody’s	****	*****	****	****	****	****	***	***	***	***
Numerical Technologies	**	**	***	**	***	**	**	**	**	***
Oracle	****	****	***	***	***	***	***	***	*****	*****
Ortec Finance	***	***	***	**	***	**	***	**	***	**
Prometeia	****	****	****	****	****	***	****	****	****	****
QRM	****	****	****	*****	****	****	****	***	***	***
SAS	*****	****	****	*****	****	****	****	****	****	***
SS&C	***	****	***	****	****	***	**	**	***	**
Surya	**	**	**	**	**	**	**	**	****	****
THC	****	***	***	****	****	**	***	**	**	**
The Baker Group	**	**	**	**	**	**	**	**	**	**
Wolters Kluwer	***	***	***	***	***	***	***	**	****	***
zeb.control	****	***	***	****	***	***	***	***	***	***

Key: ***** = Best-in-class capabilities; **** = Industry-leading capabilities; *** = Advanced capabilities; ** = Meets industry requirements; * = Partial coverage/component capability

Source: Chartis Research

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Chartis RiskTech Quadrant® and vendor capabilities for FTP technology solutions, 2024

Figure 3 illustrates Chartis' view of the vendor landscape for funds transfer pricing (FTP) solutions. Table 3 lists the completeness of offering and market potential criteria we used to assess the vendors. Table 4 lists the vendor capabilities in this area.

The 2024 FTP quadrant focuses on the operational aspects of FTP, while hedge risk management is now covered in the hedging and risk management quadrant. This FTP quadrant focuses on product pricing and the internal risk management, portfolio management and allocation through FTP.

Figure 3: RiskTech Quadrant® for FTP solutions, 2024

Source: Chartis Research

Table 3: Assessment criteria for vendors of FTP solutions, 2024

Completeness of offering	Market potential
Business line management	Customer satisfaction
Simulation	Market penetration
Data management	Growth strategy
Pricing	Business model
	Financials

Source: Chartis Research

Table 4: Vendor capabilities for FTP solutions, 2024

Vendor	Business line management	Simulation	Data management	Pricing
Acies	****	***	***	***
ALM First	**	**	**	**
Cognext.ai	**	**	**	***
Empyrean	***	***	***	****
FIMAC Solutions	**	**	**	**
Finastra	**	**	**	**
FIS	***	**	**	**
Intellect Design	**	**	***	**
Kiya.ai	**	**	**	**
Mirai	***	***	***	***
Moody's	****	****	***	***
MORS Software	**	**	***	**
Numerical Technologies	***	**	**	**
Oracle	***	****	****	****
Prometeia	***	***	***	**
QRM	***	****	**	****
SAS	****	***	****	***
SS&C	***	***	***	**
Surya	***	**	**	**
THC	**	****	**	***
The Baker Group	**	**	**	**
Wolters Kluwer	**	**	****	**
zeb.control	**	***	**	**

Key: ***** = Best-in-class capabilities; **** = Industry-leading capabilities; *** = Advanced capabilities; ** = Meets industry requirements; * = Partial coverage/component capability

Source: Chartis Research

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Chartis RiskTech Quadrant® and vendor capabilities for LRM and reporting technology solutions, 2024

Figure 4 illustrates Chartis' view of the vendor landscape for LRM and reporting technology solutions. Table 5 lists the completeness of offering and market potential criteria we used to assess the vendors. Table 6 lists the vendor capabilities in this area.

Figure 4: RiskTech Quadrant® for LRM solutions, 2024

Source: Chartis Research

Table 5: Assessment criteria for vendors of LRM and reporting technology solutions, 2024

Completeness of offering	Market potential
Scenario generation	Customer satisfaction
Cashflow projections	Market penetration
Integration capabilities	Growth strategy
Reporting	Business model
LCR + NSFR	Financials

Source: Chartis Research

Table 6: Vendor capabilities for LRM and reporting technology solutions, 2024

Vendor	Scenario generation	Cashflow projections	Integration capabilities	Reporting	LCR + NSFR
Acies	****	***	***	***	***
Bloomberg	****	***	***	***	***
Cognext.ai	***	***	***	***	***
Detech	****	***	***	**	**
Empyrean	****	***	***	***	***
Finastra	****	***	***	***	***
FIS	****	***	***	***	***
Intellect Design	***	***	***	***	***
Kiya.ai	***	***	***	***	***
Mirai	****	***	***	***	***
Moody's	****	***	***	***	***
MORS Software	***	***	***	***	***
Nasdaq	****	***	*****	***	***
Numerical Technologies	***	***	***	***	***
Oracle	****	***	***	***	***
Prometeia	****	***	***	***	***
QRM	*****	*****	***	***	***
SAS	*****	***	***	***	***
SS&C	****	***	***	***	***
Surya	***	***	***	***	***
THC	****	***	***	***	**
Wolters Kluwer	****	***	***	***	***
zeb.control	****	***	***	***	***

Key: ***** = Best-in-class capabilities; **** = Industry-leading capabilities; *** = Advanced capabilities; ** = Meets industry requirements; * = Partial coverage/component capability

Source: Chartis Research

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Chartis RiskTech Quadrant® and vendor capabilities for capital and balance sheet optimization solutions, 2024

Figure 5 illustrates Chartis' view of the vendor landscape for capital and balance sheet optimization solutions. Table 7 lists the completeness of offering and market potential criteria we used to assess the vendors. Table 8 lists the vendor capabilities in this area.

Figure 5: RiskTech Quadrant® for capital and balance sheet optimization solutions, 2024

Source: Chartis Research

Table 7: Assessment criteria for vendors of capital and balance sheet optimization solutions, 2024

Completeness of offering	Market potential
Breadth of asset class/business line coverage	Customer satisfaction
Optimization engine	Market penetration
Scenario and simulation frameworks	Growth strategy
Data management	Business model
	Financials

Source: Chartis Research

Table 8: Vendor capabilities for capital and balance sheet optimization solutions, 2024

Vendor	Breadth of asset class/business line coverage	Optimization engine	Scenario and simulation frameworks	Data management
Acies	**	***	***	***
Bloomberg	**	**	***	**
Cognext.ai	**	**	**	***
Detech	***	***	***	**
Empyrean	***	**	**	***
Finastra	***	***	***	***
FIS	****	**	***	***
Intellect Design	***	**	**	**
Kiya.ai	***	**	**	***
Mirai	**	**	**	***
Moody's	***	***	****	****
Numerical Technologies	**	**	***	**
Oracle	***	**	***	****
Ortec Finance	****	***	***	**
Prometeia	****	****	****	****
QRM	****	****	*****	**
SAS	****	****	****	****
SS&C	***	****	****	****
Surya	**	**	**	****
THC	**	***	****	**
Wolters Kluwer	**	**	**	*****
zeb.control	***	**	***	***

Key: ***** = Best-in-class capabilities; **** = Industry-leading capabilities; *** = Advanced capabilities; ** = Meets industry requirements; * = Partial coverage/component capability

Source: Chartis Research

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Chartis RiskTech Quadrant® and vendor capabilities for hedging and risk management solutions, 2024

Rising interest rate volatility is heightening the significance of financial hedging and risk management. The growing need to manage risk profiles through hedging mechanisms has renewed focus on robust risk frameworks and strategic hedging approaches. Chartis identifies the connection between asset and liability committee (ALCO) strategy and market alignment as an increasingly critical factor. For hedging strategies and position forecasting to be effective, they must align closely with market conditions. Vendors with a strong foundation in theoretical modeling and deep expertise in US markets possess a distinct competitive advantage in hedging and risk management solutions.

Figure 6 illustrates Chartis' view of the vendor landscape for hedging and risk management solutions. Table 9 lists the completeness of offering and market potential criteria we used to assess the vendors. Table 10 lists the vendor capabilities in this area.

Figure 6: RiskTech Quadrant® for hedging and risk management solutions, 2024

Source: Chartis Research

Table 9: Assessment criteria for vendors of hedging and risk management solutions, 2024

Completeness of offering	Market potential
Balance sheet and position forecasting	Customer satisfaction
Hedge strategy management	Market penetration
Product pricing and product risk strategy	Growth strategy
Market alignment	Business model
	Financials

Source: Chartis Research

Table 10: Vendor capabilities for hedging and risk management solutions, 2024

Vendor	Balance sheet and position forecasting	Hedge strategy management	Product pricing and product risk strategy	Market alignment
Acies	***	***	***	***
ALM First	**	**	**	**
Bloomberg	**	***	**	***
Cognext.ai	***	**	**	**
Detech	***	**	**	**
Empyrean	***	***	****	**
FIMAC Solutions	**	**	**	**
Finastra	**	**	**	**
FIS	****	****	****	***
Intellect Design	***	**	***	**
Kiya.ai	**	**	**	**
Mirai	***	***	***	**
Moody's	****	****	****	***
Nasdaq	***	****	**	****
Numerical Technologies	***	**	**	**
Oracle	****	***	****	***
Ortec Finance	****	***	***	***
Prometeia	****	****	****	***
QRM	*****	*****	*****	*****
SAS	*****	*****	*****	****
SS&C	****	****	****	***
Surya	***	**	**	**
THC	***	***	***	***
The Baker Group	**	**	**	**
Wolters Kluwer	***	***	****	***
zeb.control	***	***	***	**

Key: ***** = Best-in-class capabilities; **** = Industry-leading capabilities; *** = Advanced capabilities; ** = Meets industry requirements; * = Partial coverage/component capability

Source: Chartis Research

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Chartis RiskTech Quadrant® and vendor capabilities for financial planning and budgeting solutions, 2024

Financial planning and budgeting can be approached from different perspectives. The dominant model in the market is a pragmatic mix of business intelligence-style analytics and specific targeted analytics like cost allocation and performance. These elements can also be performed through highly numerical simulation-focused frameworks, which do not necessarily integrate with the overall operational ALM system or overarching balance sheet. Instead, these frameworks operate on a balance sheet abstraction – with strengths in optimization and simulation. These vendors feature as point solutions in this quadrant as they address the requirement to build financial planning structures that are often more fundamental in the insurance context than in banking. The category leaders in this space have strong data management capabilities, and combine profitability optimization with cost allocation and strategic planning.

Figure 7 illustrates Chartis' view of the vendor landscape for financial planning and budgeting solutions. Table 11 lists the completeness of offering and market potential criteria we used to assess the vendors. Table 12 lists the vendor capabilities in this area.

Figure 7: RiskTech Quadrant® for financial planning and budgeting solutions, 2024

Source: Chartis Research

Table 11: Assessment criteria for vendors of financial planning and budgeting solutions, 2024

Completeness of offering	Market potential
Cost allocation	Customer satisfaction
Planning	Market penetration
Profitability analytics	Growth strategy
Performance analytics	Business model
Data management	Financials

Source: Chartis Research

Table 12: Vendor capabilities for financial planning and budgeting solutions, 2024

Vendor	Cost allocation	Planning	Profitability analytics	Performance analytics	Data management
Acies	**	**	**	**	**
ALM First	**	**	**	**	**
Bloomberg	**	**	**	**	****
Cognext.ai	***	***	***	***	***
Detech	**	**	**	**	**
Empyrean	*****	*****	*****	*****	****
FIMAC Solutions	**	**	**	**	**
Finastra	**	**	**	**	**
FIS	****	****	****	****	****
Intellect Design	**	**	**	**	***
Kiya.ai	**	**	**	**	***
Mirai	**	**	**	**	****
Moody's	***	***	***	***	****
MORS Software	**	**	**	**	***
Numerical Technologies	**	**	**	**	***
Oracle	*****	*****	*****	*****	*****
Ortec Finance	***	***	***	***	***
Prometeia	****	****	****	****	****
QRM	****	****	****	****	****
SAS	****	***	***	***	*****
SS&C	***	***	***	***	***
Surya	***	***	***	***	***
THC	**	**	**	**	***
The Baker Group	**	**	**	**	**
Wolters Kluwer	****	*****	****	*****	****
zeb.control	**	**	**	**	****

Key: ***** = Best-in-class capabilities; **** = Industry-leading capabilities; *** = Advanced capabilities; ** = Meets industry requirements; * = Partial coverage/component capability

Source: Chartis Research

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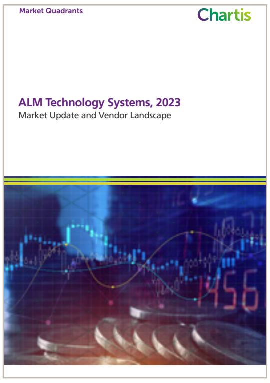
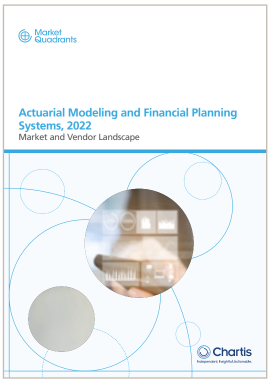
Note

1. Note that references to companies in the text of this report do not constitute endorsements of their products or services by Chartis.

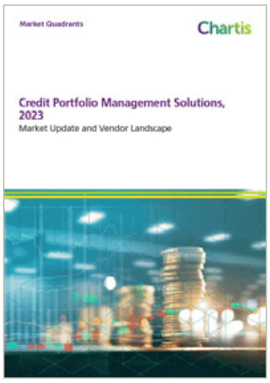
Further reading



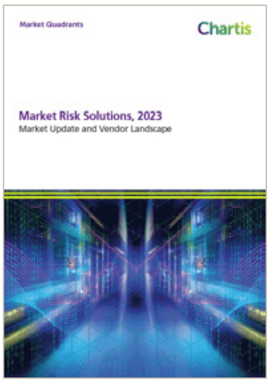
ALM Technology Systems, 2023: Market Update and Vendor Landscape



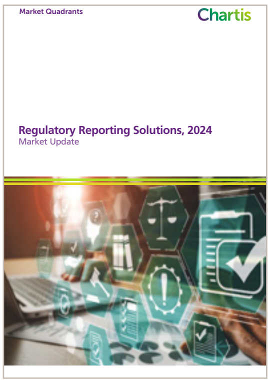
Actuarial Modeling and Financial Planning Systems, 2022: Market and Vendor Landscape



Credit Portfolio Management Solutions, 2023: Market and Vendor Landscape



Market Risk Solutions, 2023: Market and Vendor Landscape



Regulatory Reporting Solutions, 2024: Market Update

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