

WEBSTER BANK IN CONNECTICUT HAS GROWN FROM BEING A SMALL-TOWN SAVINGS AND LOAN TO A COMMERCIAL BUSINESS PLAYER WITH 150 BRANCHES ACROSS THE STATE AND BEYOND. AT THE HEART OF THE OPERATION, IN WATERBURY, BRUCE WANDELMAIER USES BANCWARE TO MONITOR ITS EXPANDING MATRIX OF ASSETS AND LIABILITIES



**A**s asset and liability manager with New England-based Webster Bank, Bruce Wandelmaier feels he has “one of the hardest jobs in the world to explain”. And with just a few hundred people in this line of work nationwide, he says, his is not a profession that people hear very much about. Yet you could say that the stability of the banking industry depends on it.

“Asset and liability management focuses on measuring and managing the bank’s level of risk relative to interest rates,” Bruce explains. Put simply, this means ensuring a healthy balance between the rates the bank pays to depositors and those it charges for loans. What makes the task complex is that interest rates, consumer behavior and the bank’s portfolio of holdings is constantly changing.

It is the challenge of this complexity, Bruce says, that has kept him hooked for 18 years, the last five with Webster.

#### PART ART, PART SCIENCE

Headquartered in Waterbury, Connecticut, Webster Bank was founded during the Great Depression as a small-town institution that helped people buy their first homes. “It was the classic Jimmy Stewart savings and loan,” says Bruce, “and it stayed that way for a long time. But in the last 10 years it has evolved into a commercial bank, serving the business community as much as the individual

consumer.” Today Webster has \$17 billion in assets, more than 150 branches throughout southern New England, and a well-developed in-house risk management capability.

Bruce describes his work as “part art, part science”. The science is in the detailed data he and his team collect on the bank’s assets and liabilities and the sophisticated models they run the data through. The art lies in the judgment they exercise: choosing the right scenarios to model and drawing the right conclusions from the results.

“There is one great unknown in our work,” Bruce says: “Where will interest rates go? The level and movement of interest rates is the single largest determinant of customer behavior – for instance, whether the loans we’ve made are going to stay profitably in place or whether people will prepay or refinance.”

#### HOME LIFE

**HOME:** Brookfield, CT – “a nice small town”.

**FAMILY:** “My wife, my two boys, who are 9 and 12, and one cockatiel.”

**HOMETOWN:** Mahwah, NJ.

**EDUCATION:** BA in economics from Lafayette College and an MBA in finance and accounting from the University of Rochester’s Simon School.

**PASTIMES:** “I go to the gym or go hiking. My hobbies include genealogy history, and German.”

**VACATION:** “We go to the beach, and then also somewhere educational or historic. We’ll go to Germany once the boys get a little older.”

**CHILDHOOD DREAM:** “As a child, I was pretty good at a lot of things and had a hard time deciding what I wanted to be when I grew up. I was lucky to get a job that brings together many disciplines.”

**CURRENT DREAM:** “To be part of Monty Python – that would be ‘something completely different’.”



SUNGARD  
EXPERIENCE  
Bruce  
Wandelmaier  
Webster Bank



**"A SOFTWARE  
DECISION IN  
THIS FIELD IS  
LIKE GETTING  
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IT FOR THE  
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Bruce identifies a set of interest-rate scenarios to model, and uses the results to draw conclusions on both short-term risk (what is going to happen to Webster's earnings) and long-term risk (what is going to happen to the value of its assets and liabilities). This guides senior management as they answer their own central question: is the bank assuming the right amount of risk? Based on his findings, the bank's executives can adjust the composition of the bank's portfolio, or turn to instruments such as swaps, caps or floors to adjust its position.

### TRANSFORMED BY TECHNOLOGY

Bruce's work depends heavily on SunGard's BancWare. It includes a data management tool that takes data from systems across the bank and brings it into a common format: a critical first step. BancWare then models a range of scenarios based on this data and various assumptions concerning interest-rate movement and other variables.

Bruce notes that technology has transformed his discipline since he started two decades ago. "At that point, things were fairly simple. Now we have the power to run many more simulations – and more sophisticated ones, to match the increased complexity of the products and sophistication of our customers' behavior," he says.

Webster Bank chose SunGard's system, Bruce says, because of its earnings simulation and market valuation capabilities, and also because it is backed by SunGard's size and stability. "Making a software decision in this field is really like getting married," he says. "You want someone who is going to be in it for the long term, and someone you can get along with."

### A TYPICAL MONTH

Bruce describes the work of risk assessment at Webster as following a monthly rhythm, with the first couple of weeks spent gathering,

### WORK LIFE

**BUSINESS HOURS:** "Too long – in by 7:30 a.m., out by 6:00 p.m. on a good day."

**OFFICE:** "I'm in an office on the perimeter of the trading room. It's a sheltered corner of a fairly active and noisy place."

**VIEW:** "I look out on a historic theater."

**DESK HYGIENE:** "I try to be neat. The level of stress I'm facing tends to be reflected in the level of mess on my desk."

**PERSONAL ORGANIZATION:** "I use an old-fashioned desk calendar."

**DRESS CODE:** Business casual.

**CORPORATE CULTURE:** "This still feels like a small company. Anyone can walk up and talk with the CEO. It's also a place that encourages and rewards volunteer work in the community to an unusual extent."

scrubbing and analyzing data and the next couple on modeling. This becomes the basis for an end-of-month report to management.

"BancWare allows us to take all the data, simplify it, and present it in a straightforward way that a senior executive would want to pay attention to," he says. "I'm a strong believer in the 'one-page' rule. If you need much more than that to summarize the situation, you have probably lost your audience."

Bruce says that running monthly models may sound routine, but it's not. "There will always be a new product to account for, or a change in the broader environment," he explains. "In short, we are constantly 'tweaking'. No-one's been able to come up with a definitive model to predict everything 100% of the time – and I doubt we will."

**THE SUNGARD SOLUTION: BANCWARE**

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