

JUSTO GOMEZ HAS FAITH – HE “KNOWS HIS DESK IS THERE”, EVEN THOUGH IT’S USUALLY OBSCURED BY PILES OF WORK. HE DOESN’T TAKE EVERYTHING ON TRUST, THOUGH – ESPECIALLY WHEN IT COMES TO MANAGING ASSETS AND LIABILITIES FOR BANESTO IN MADRID. BANCWARE GIVES HIM THE FACTS



Combining asset and liability management (ALM), funding, liquidity management and investor relations may be an unusual mix of responsibilities, but it is one that Justo Gomez, deputy chief financial officer at Spanish bank Banesto, enjoys. “The job combines a little bit of everything: investor relations encompasses commercial activity, and with ALM the team helps to manage the bank’s positions. In both cases we interact with senior people, both within and outside of the bank,” he says.

Based in Madrid, Banesto is one of Spain’s largest banks, with more than 3 million customers and 1,600 branches. A specialist retail bank, Banesto has a 65 billion euro, interest-rate sensitive, balance sheet.

IDEAL SIZE

Justo manages a team of four people in ALM and reports to Banesto’s chief financial officer. The ALM team is a part of the bank’s risk management unit. “We are a medium-sized bank with about 10,000 employees, 1,000 of whom are at the head office in Madrid,” he explains. “I know almost everyone at head office and the key

people in our regional network. I think I am lucky to work in a bank of this size: we are not as big as the large Spanish or European banks, where it is impossible to know everyone, but we are also big enough to be an important player.” Banesto’s size encourages a culture of teamwork, says Justo, and a spontaneity that is often missing in larger institutions. “I can pick up the phone, call a few people and set up a meeting in a matter of minutes to start work on a project.”

Justo began his career at Bankinter, another Spanish bank. Later he moved to the equities market as an analyst before becoming head of research at a stockbroker. He has been at Banesto since 1991, when he joined as the bank’s head of investor relations. In

WORK LIFE

BUSINESS HOURS: “9:00 a.m. until 8:00 p.m. Officially we have two hours for lunch, but that rarely happens.”

LOCATION: “Our offices are in midtown Madrid, on a campus of five buildings. It used to be a sporting club and there are still good sports facilities, including tennis courts, a gym and a swimming pool.”

OFFICE: “I have a separate office and my team is close by.”


DESK HYGIENE: “Most days I can’t see my desk under all the work. But I know it is there.”

WEEKEND WORK: “Sometimes, particularly in the days before we have to make ALM committee presentations.”

BUSINESS TRAVEL: “On average for a week a month, either in Europe or the U.S. The Asian market is opening up, so I expect I will also be traveling there.”

DRESS CODE: Business suits; casual dress on Fridays.

CORPORATE CULTURE: “Banesto is a very open bank to work for, with good interaction between staff and senior management.”



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1994, ALM – which measures a bank's risk relative to interest rates and enables it to set different rates for depositors and lenders – was added to his responsibilities following a reorganization.

During the past five years, Justo has seen each of his areas of responsibility grow in importance. Funding, for example, now has the attention of the bank's top management as Banesto seeks to raise money to support its expanding activities. ALM also has been elevated in priority, particularly after the introduction of the euro. As Spain dropped its interest rates in order to converge with the 10 other eurozone countries, its banks faced significant pressure on their net interest income – the interest income earned on assets less the interest expense paid on liabilities and capital – and managing interest rate risk became a much more relevant activity.

The main opportunities that Justo's team seeks are chances to build Banesto's hedge portfolios in the best conditions and to manage risk in order to protect the bank's results. "I don't think we should be changing our positions every day, month or even year," he says. "The focus at Banesto is on long-term opportunities and managing our positions. While we do contribute positively to the P&L, we always have our eye on the risk implications."

Experience in analysis and research, as well as a deep knowledge of the bank's business, have proved crucial for ALM, Justo explains. "One of the most important qualities for ALM is to have analytical capabilities. But you also need to know how the bank works."

NEW SOFTWARE, BETTER MANAGEMENT

When Justo took responsibility for ALM in 1994, Banesto, like other European banks, was undertaking simple analysis of interest rate risk, which, although it worked well, did not provide the quality of risk management Justo wanted. Attending a presentation of SunGard's

HOME LIFE

FAMILY: Married with three daughters aged five, six and 11.

HOME: Downtown Madrid. "It is a great place to live; everything is close to hand. It is not very busy or noisy and is quite a human city that is very friendly to its citizens."

PASTIMES: "I like reading and outdoor activities like skiing, sailing and playing golf."

VACATION: "I always like to go to the coast, either in Spain or abroad. I don't like crowded places, which is probably why I like sailing so much – it's just you and a crew out in the middle of the sea."

HOMETOWN: Abila, 150 km north-west of Madrid.

EDUCATION: A degree in economics and business administration at Cuneif University in Madrid.

BancWare risk management solution in Madrid in 2000 proved to be a stroke of luck: "BancWare was the first well-developed product for interest rate management that I had seen."

Banesto's CFO thought likewise; and when the bank's IT team also bought into the concept, a smooth implementation was assured. BancWare has enabled Banesto to manage its interest rate risk in a way that it was unable to in the past. Using clear and transparent hypotheses, Justo and his team now use BancWare to forecast interest rate margins and therefore make approved hedges that help reduce the bank's overall risk.

"We have a great IT team at the bank; it is a real asset. The quality of our technology and of the IT people make my job so much easier," he adds.

THE SUNGARD SOLUTION: BANCWARE

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