

Harmonization of budget and reporting structures in the course of a bank merger

Challenge

Supporting the merger of two major German banks, METIS was mandated to promptly establish the conceptual and operational basis for harmonizing the client's Corporate Real Estate Management (CREM) cost budgeting and controlling. Due to time restrictions of the integration process, the migration of existing IT systems and data bases could not be waited for. In order to assure reliable planning, CREM budgets for both merging banks were initially determined separately and consolidated afterwards by utilizing an effective mapping and allocation process. The particular challenge was to quickly work out differences in the respective cost accounting and allocation approaches of both banks and to efficiently and accurately devise a consolidated budget by developing a consistent and comprehensive transfer logic.

Approach

At the beginning of the project the relevant target cost structure was determined. Subsequently the cost categories of the two banks were roughly mapped by including all existing documentation and conducting additional individual interviews. In an iterative procedure these mappings and the detailed allocation of all relevant cost positions to the target cost structure were refined, adapted and documented afterwards. An incremental gap analysis assured that all cases were considered and on no side gaps remained unsolved. Finally the results were examined with regard to their validity for future planning periods.

Results

METIS implemented consolidated budget and reporting structures in a very short timeframe, thus enabling the client to report and analyse historical and actual data of both merging banks in a consistent way. Furthermore the client was able to setup an integrated planning process. The added value of the project results comprises in particular:

- Promptly use consolidated actual and budget figures (total cost volume approx. 800 mn. Euro) without having to change existing budget and reporting processes
- Support of the pre system migration phase by analysing and thoroughly documenting the different data structures and processes
- Development of fundamentals to effectively define future areas of responsibility
- Creation of a common understanding regarding different terms and processes in both banks

For more information, please feel free to contact us.