

# CASE STUDY



Powering International  
Operations with the  
Technology Advantage

**Bank of Baroda**



YOUR INNOVATION PARTNER

## Bank of Baroda



## Powering International Operations with the Technology Advantage

### OVERVIEW

#### The Challenge

To leverage effective multi-country presence

Increase operation efficiencies and agility of business, while managing costs and risks by leveraging technology and operation models across geographies.

#### The Solution

Manage costs and risks of global expansion with robust centralized technology platform

Leverage the benefits of Straight Through Processing (STP) with centralized deployment of a robust technology solution. Streamline processes, minimize maintenance costs and enable smoother and efficient business. Have a cost effective implementation model to achieve these goals.

#### The Benefit

Maximized globalization, along with minimized costs and risks

Improved transactional efficiencies, lowered total cost of ownership, effective risk mitigation and greater predictability of business success.

### PROFILE

Bank of Baroda (BOB), India's fifth largest bank and prominent among the global top 200, has a century's financial experience backing it. With assets in excess of USD 32 billion, the bank has a network of over 2800 branches and offices, and about 700 ATMs. Bank of Baroda offers a wide range of banking products and financial services to 29 million global corporate and retail customers, through various delivery channels, its specialized subsidiaries and affiliates in the areas of investment banking, credit cards and asset management. Today, Bank of Baroda has international presence across 5 continents, with a network of 71 offices in 25 countries, including branches of the bank, its subsidiaries and the representative offices. The bank also has a joint venture in Zambia with 9 branches. The bank's international operations today contribute around 20% to its global business and well as over 30% to its net profits. Growing its presence across new geographies and strengthening its equity in existing markets, Bank of Baroda is on the path to establish itself 'round the clock around the globe'. The bank is exploring out-of-the-box means to identify novel ways to tailor its growing repertoire of products and services to meet segment-specific requirements across geographies. Automation-led process and cost optimization, orchestration of the offices network and greater attention to compliance with global regulations are aggressively being focused on to help the bank achieve its ambitious goals. Bank of Baroda, gearing to leverage the opportunities that the flat world presents and nimbly skirting its threats, is charting a coherent strategy to not just cope but break path and emerge with the winning edge, in the changing global business scenario.

## KEY BUSINESS DRIVERS -



### Seize the Opportunity to Globalize

The mid-eighties marked the beginning of the shift to a buyers' market in the banking space, and Bank of Baroda, was among the first to grasp this pressing imperative. The bank orchestrated its business strategies around the centrality of the customer. It diversified rapidly into the areas of merchant banking, housing finance, credit cards and mutual funds. The strategy also entailed the sustained development of a string of segment - specific branches entrenching operations in profitable markets, the world over. The drive was to revamp overseas operations and intensify structural changes across geographies to provide services across segments with focus on the Indian Diaspora. The bank sought to take to market a vast array of international banking and services catering to the needs of exporters and importers in India and abroad.

The bank also decided to capitalize on international markets to arrange for funds for the Indian corporate sector by way of syndicated loans, bonds, floating rate notes, foreign currency convertible bonds and credit-linked notes with UK operations playing a major role in this emphasis. The bank's Global Syndication Centre at London sought to intensify focus on loan syndications and investments in the international markets.

With growing opportunities in the Asia-Pacific and Middle East region, the bank also planned to set up Regional Syndication Centers in Dubai and Hong Kong. A crucial facet of this plan was the technology-led re-engineering of the operational efficiencies of its global offices. The bank was clear that along with this business orchestration, it would need a technology rejuvenation, to deliver an improved and homogenous customer experience across the global divide, ease governance and MIS with a unified view of its international operations and improve its risk and cost management strategies.

### The Search for a Solution

After a grueling partner-identification process, that saw the participation and evaluation of several leading solution vendors, Bank of Baroda announced its decision to journey through the global technology-focused business transformation program, ably partnered by Finacle universal banking solution. A centralized and cohesive technology platform to support rapid product introduction, orchestrated operations, increased scalability and true flexibility across international operations, driving down costs and governance hassles, was key to the bank's transformation strategy and Finacle assured Bank of Baroda of all this and more.

# SOLUTION OVERVIEW

## One Solution, One Strategy, Global Roll-out

The implementation focused on enabling Bank of Baroda with a consolidated, centralized technology platform, to fuel its growth engine across geographic divides, in the flattening world. The scenario at that juncture was that Bank of Baroda's foreign offices across 25 nations, deployed various technology platforms and at least 8 different solutions, to drive its operations. Replacing these disparate systems dotting the Bank of Baroda chain, worldwide, with Finacle's robust unified technology platform, was the first goal that the

implementation team sought to achieve. UK was the most complex, with a host of operations and complicated areas of functioning in both core banking as well as treasury domains. The isolated SWIFT systems, each operating independently across Bank of Baroda's global offices, was a focus area for the bank, as the business demanded the efficiencies of Straight Through Processing (STP) and unhindered transactions. This was one of the major requirements at the UK territory which had a major volume in correspondent bank operations and acted as the gateway for GBP transactions for Bank of Baroda.

The scope of the implementation mapping 18 transcontinental locations, beginning with UAE, Oman and continuing with territories across the globe as given below.

• UAE	• Seychelles	• Guyana
• Oman	• Mauritius	• Ghana
• Singapore	• Botswana	• Uganda
• Trinidad & Tobago	• South Africa	• Bahamas
• Hong Kong	• Tanzania	• Bahrain
• UK	• Fiji	• Kenya

## The Implementation Strategy

A cost effective yet efficient strategy was evidently needed for execution of the project. The key driver that catalyzed the journey to success was the process that was set after drawing upon the huge expertise of implementation experts. The process that was used for implementation was a set of exercises defined with clear cut objectives. The entry and exit criteria were defined, with each individual aware of one's role and the expected deliverables. This helped in deriving the maximum out of every activity, and to augment this, a common Business Process Definition (BPD) strategy was used to further save time and effort, while minimizing the life span of the implementation cycle. A common BPD was created in general for all the International territories, which was a set of common parameters that came out after multiple rounds of discussions with the key individuals involved. This common BPD would later serve as a base / starting point for the implementation of individual territories. The focus of the implementation teams was to cater to the specific needs of the territory instead of them having to worry about the absolute effort needed from scratch. The common BPD would then be improved upon by the BPD team as per the requirements of the specific countries. This process transformation could be compared to a relay race, with just the last leg of the race handed over to the territory teams, having finished the initial leg for all the territories together in one go. Thus, allowing complete focus on specific needs of the territory, and the implementation throughput limited only by the number of territories planned to be transformed or the complexity of the territory involved. This was a true process transformation by which implementation at five territories was managed simultaneously.

## From Disparity to Unification with Finacle

Bank of Baroda began its transformation journey by migrating to Finacle core banking and e-Banking solutions that replaced 8 other disparate legacy systems across its branches in 18 countries. The bank's 'One solution. One strategy' stance was a strategic move to deter vendor-dependence that hampered the bank's business users when they designed new products and updated business rules. This strategy was devised to address the escalating costs of solution maintenance as well. As the systems were not connected, the bank was losing out on huge business opportunities that could be netted with a set of improved and efficient service that could be provided had the systems existed on a common platform. With the advent of Finacle's centralized solution on the Bank of Baroda scenario, the entire solution framework drew support from the bank's centralized data center at Mumbai, India. There ceased to be the need for 60 IT supervisors posted at all the 25 geographies, and the locally recruited support teams they led. This had a direct impact on the bank's bottom line, driving a reduction in full time employees (FTE) for technology management. Business users were also enabled to be free of technical challenges and the need for vendor intervention while extending the product range, by leveraged Finacle's rich and user-friendly product-factory. In spite of one integrated solution driving all the international operations, each country-specific implementation was tailored to specifically support easy compliance with the local governance framework, regulations and norms. Bank of Baroda, in its quest for a viable ERM strategy, is all geared to leverage the IT environment that Finacle provides to take the first self-assured steps in that direction. A move typical of a bank aggressively minimizing costs and risks, to gain a winning edge.

### Hardware Necessities at Branches Slashed to a Healthy Minimum

IT infrastructure needs at each branch, for each of the disparate systems, across the various geographies was eating into the bank's bottom line. On deployment of Finacle, the solution's SOA based architecture has enabled Bank of Baroda to transition processing from the branch, to its common processing facility, eliminating the mandate for back-up infrastructure at branch level data centers. Today, the central processing center services the needs of the entire business. This has a clear positive cost implication for the bank's multi-country new branch openings, as it looks at the world, to map its presence rapidly and profitably.

### Expediting Branch-to-Corporate Reporting

Manual MIS reporting and the ensuing delays at Bank of Baroda's branches, was increasingly being viewed as a deterrent for agile senior management response. The bank, leveraged Finacle's common application network, to ensure branch-to-head office MIS reporting, in real time. An activity that consumed weeks is now complete within minutes, arming business decision-makers with timely data ammunition, from across its transcontinental locations, to drive the bank towards greater success. Finacle reporting infrastructure also ensures that uniformity and consistency in reporting logic is maintained across the bank's branches. A forward thinking flat world-ready bank will not lose an opportunity to harness technology to orchestrate its processes and enhance its agility. Bank of Baroda is exemplary in its strategy and operational tactics.

### Facilitating Cross-country Product Introduction

Bank of Baroda had a rich repository of offerings that it constantly innovates within a bid

to engage customers and grow market share. In a decentralized solution environment, these product offerings, driven by a branch - specific solution, were limited in scope to the country where they were first generated, and porting them to other countries posed several challenges. Bank of Baroda effectively deployed the unified solution environment that Finacle offered to migrate products from one country to another, easily and profitably. Bank of Baroda leveraged the flexibility and agility that Finacle promised to port 'ready-to-deploy' products from one country. Today, Finacle implementation has played a pivotal role in the rapid introduction of an exhaustive product lines and robust retail portfolios for Bank of Baroda in several geographies like UK, Hong Kong, Singapore and Johannesburg. This has helped Bank of Baroda respond to new opportunities presented by rapidly evolving customer segments, globally, and create entirely new customer experiences too.

### Direct India Remittance to Delight Customers

With its expanding global presence, Bank of Baroda leveraged its international network to service the remittance needs of NRIs the world over. Disparate solutions across geographies often translated into seemingly unavoidable delays in remittance. The bank capitalized on the advantage that Finacle's common technology platform offered to streamline and speed its domestic payments channels for direct remittance to India. The STP from various countries to domestic Bank of Baroda branches in India, has reduced the time of an average India remittance to just a few hours, today. The Rapid Funds transfer services ensure an overseas customer's reach to the remotest part of the home country. The proud provider of one of the fastest India remittances system, the bank has taken another crucial step towards offering increased value to its customers.

### Bank of Baroda UK - The Challenge

Bank of Baroda UK is the flagship territory among the international territories, with 10 branches and the treasury hub for the Europe region. The operations, quality expectation, regulatory requirements, business scenarios, all presented a daunting set of milestones that were to be covered to bring home the 'UK advantage' and then gear it up for further technology leverage. Correspondent Banking Operations on Swift was a major requirement that was to require minimal manual intervention. A straight through processing (STP) module was implemented, which was specifically worked upon for UK. The territory is a major treasury hub also for the bank. For treasury, a third-party solution "Reuter's Kondor+" went live along with Finacle. Interface between Finacle Core and Reuters was another major challenge. Interface for STB, the regulatory reporting partner with Finacle and Treasury to take care of the stringent reporting requirements, added to the complexity of the entire implementation. The UK operations went live on 12th Nov 2007 on Finacle Core and Reuters Kondor+, with each step of the global implementation methodology playing a pivotal role in further enhancing the level of IT capability available to the operations. With IT operations shifting to the Data Center, the local host

system was done away with, bringing UK 'in the loop' of the one solution advantage. The never before 'visibility' into the UK operations sitting from home presents the bank with the base to get all the pieces on board and be ready for the next level of banking transformation in the Europe region, or to take the Europe advantage into any of its international operations.

### Bank of Bahrain - Straight out Of the Box

Bank of Baroda is charting a path of extensive global expansion for itself. The bank realized early on, that it had to leverage technology effectively to cut the risks, costs and time investment associated with initiating new branches. With the centralized ready-to-deploy Finacle solution rolled out across countries, technology infrastructure management was simplified. No additional hardware was required for Finacle deployment at a new branch. All parameters were easily based on the business requirements of the branch, taking into account country-specific mandates. Parameterization of the solution was completed offshore. The entire implementation operation was anchored by offshore staff, in Mumbai, India. Bank of Baroda in Bahrain is a vivid showcase of this implementation strategy. A fully operational bank, powered by Finacle, was up and running in 19 days flat.

## REAPING THE BENEFITS

A centralized robust technology platform, with a rich palette of features and proven scalability is a non-negotiable pre-requisite for a bank to thrive in the flattening world. Banks with the vision to harness their technology strategy to drive their business

goals will be the ones with the prowess and agility to respond to changing business dynamics in the flat world. Finacle has provided Bank of Baroda, the positioning, to effectively leverage technology, to speed its transition towards the flat world readiness.

## Finacle - Universal Banking Solution

Finacle from Infosys partners with banks to power-up their innovation agenda, enabling them to differentiate their products and service, enhance customer experience and achieve greater operational efficiency. Finacle solutions address the core banking, wealth management, CRM, Islamic banking and treasury requirements of retail, corporate and universal banks worldwide and provide online marketing tools like Finacle finanz tools. Finacle solutions also empower banks with multiple sales, service and marketing channels including e-banking, mobile banking and call centers. These offerings make Finacle a strong innovation-facilitator enabling banks to accelerate growth, while maximizing value from their large scale business transformation.

## Infosys. The Organization behind Finacle.

Infosys Technologies Ltd. (NASDAQ: INFY) defines, designs and delivers IT enabled business solutions. Infosys' offerings span business and technology consulting, application services, systems integration, product engineering, custom software development, maintenance, re-engineering, independent testing and validation services, IT infrastructure services and business process outsourcing. Infosys today has more than a third of its business coming from the banking and financial services industry and has a strategic focus on this segment.

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