

P E R S P E C T I V E

Modular Solution, Modular Implementation:
A Stand-out Option for Medium-sized Treasuries



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Treasury Transformation - Not an Easy Decision

The decision to go in for a new treasury solution is a tricky one, particularly for mid-sized banks, as it is fraught with complexity. For big banks with operations spanning the entire treasury spectrum, from money markets to equities to credit derivatives, the logical option is a big-bang transformation with a full-fledged treasury solution, as a part of, or on top of their core banking application. However, those that are just starting out or have limited play in this area have an expedient alternative in the form of a best-in-class, boxed-up package that can be deployed modularly and quickly, but at the same time be customized to their needs.

Historically, modernization of treasury systems has always been a big challenge for banks, as it entails more than significant investment and business risk. Long lead times involving a lengthy scoping exercise could mean that the original objectives have changed by the time the system is finally ready, leaving the bank no better off than before. That apart, paying for a full-blown solution is not commercially viable for banks that might have operations limited to, say, the money market and fixed income segments.

Big Bang Implementation – Pain Points

There are, of course, pre-configured offerings available in the market, which promise accelerated implementation but fall short of fulfilling the specific requirements of individual institutions. However, the fact remains that the way treasury operations are run varies from bank to bank, and each has its unique needs, which cannot be met by a 'one size fits all' solution.

Other common obstacles in the path of treasury systems modernization include:

- Constraints in dedicating personnel within the bank as well as the vendor organization for the entire duration of the project
- Project schedule overrun, sometimes to such an extent that the original assumptions and goals are no longer valid
- No firm cost commitments from the vendor, making budgeting difficult

Modular Solution – A Real Alternative

All these limitations put a large-scale treasury implementation beyond the reach of banks with modest scale, whose real need is for a packaged solution that rolls out quickly, yet allows them to cherry-pick various functionalities as per their requirement. Now, with the availability of an innovative modular treasury solution fulfilling all these criteria, these banks have a very viable option.

A fully bespoke modular treasury package - cross-asset and integrated across the back, mid and front-office allows banks a selection of various functional modules, which may be expanded later. This not only cuts out considerable time and effort otherwise required for scoping, but also the need for large investment upfront.

Since the treasury transformation is undertaken in accordance with standardized contractual terms and a pre-determined quotation, the banks run virtually no risk of exceeding their budgets.

Last but not least, implementation is quick, thereby ensuring that the objectives are still relevant when the system is ready to go live.

Stand-alone Solution – Key Benefits

Designed from the target banks' perspective, the solution circumvents most common implementation problems and thereby minimizes the risk of failure. Consequently, user banks can modernize their treasury operations with minimum fuss, as illustrated below:

Traditional treasury solutions typically conduct a detailed study of a bank's processes to map it to the application. In contrast, a modular solution provides process maps well in advance for the bank to review. Since these are aligned with best-in-class processes, they fulfil most expectations; that being said, any minor process modifications can always be accommodated.

Usually, static data is set up separately for individual sites. The packaged solution circumvents this requirement by using 'out of the box' setups that can be slightly modified if needed. Similarly, instead of customizing reports at each site, the solution offers ready reports catering to most needs.

The usually long-drawn-out and manpower dependent system training process is replaced by an extensive and context-sensitive self-help feature which is built into the system. This automatically alleviates manpower shortage, one of the biggest problems in treasury implementation.

Related to the above issue, the solution works around a plan that factors in the availability of subject experts and other representatives from the bank. In this way, the project makes optimal use of time available to it and also ensures the same for the bank's personnel.

Summary

Considerations of cost, lead time and failure risk stand in the way of a bank's decision to acquire a treasury solution. In particular, a bank with modest scale, limited treasury operations and IT budgets can ill-afford a sub-optimal implementation. While pre-configured solutions accelerate implementation, they have virtually no scope for customization. Yet, this is an important need of every bank, big or small.

Fortunately, small and medium-sized banks now have a viable alternative in the form of a stand-alone treasury solution that allows users to choose from a wide selection of best-in-class packaged features. This solution has been designed after thoroughly understanding the pain points associated with a full-fledged treasury implementation, and therefore resonates with most needs of target banks.

Besides customization, other key benefits of the solution include quick rollout, commercial viability and the ability to add on capabilities in modules, as and when required. These translate into agility, operating efficiency and minimal risk for the bank.

Author

Milind G. Kolhatkar
Senior Product Line Manager
Infosys Technologies Limited



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Infosys Technologies Limited

Plot No. 44, Electronics City, Hosur Road, Bangalore - 560100. India
Tel.: + 91 80 28520261, Fax: + 91 80 28521747, e-mail: finacleweb@infosys.com
www.infosys.com/finacle

Join us on Twitter, LinkedIn and Finacle Whiteboard at www.infosys.com/finacle/networking.asp

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