

P E R S P E C T I V E

Agile Banking: Leverage the Integrated Banking Platform



YOUR INNOVATION PARTNER

The ability of banking institutions to respond swiftly to change becomes all the more important during times of upheaval. Banks are continuously subject to change-bearing forces that could originate in the economic, regulatory, market or technological environment. Often, a dynamic market situation may necessitate decisive counter action – at these times, banks can ill afford to react sluggishly.

Unfortunately, there is a very real danger of that happening in the case of banks that are burdened by fragmented, legacy systems. When multiple systems operate in silos, they seriously hamper banks' ability to respond to change. Moreover, it is likely that such systems are riddled with complexity and redundancy, presenting banks with a distinct set of challenges.

The answer may well lie in the adoption of an **Integrated Banking Platform**. An integrated banking platform provides solutions at every step of the change response process - from gathering change-related information till effecting transformation. Since all the solutions are integrated, there is seamless connectivity between information received and the processes set in motion to act upon it. Quite clearly, the integrated banking platform is designed to improve banks' agility.

A closer examination of the change response and management process will elucidate this argument.

Information Reception

Before a bank can effectively deal with change, it must institute an appropriate mechanism to “receive” data associated with it. From a bank's perspective, customer-related information is arguably the most critical and also the most voluminous. For the bank to react quickly to market or customer-driven forces, its customer data must be organized in such a way that it can be quickly retrieved, deftly analyzed and easily understood.

This is easier said than done since banks consume and generate colossal amount of data from disparate sources, which are not necessarily interlinked. Therefore, the process of information reception begins with the need to collate, consolidate and present information generated from diverse systems, with minimal manual intervention. An integrated banking platform with a powerful data management and report generation component can prove to be an invaluable asset in this scenario.

Next, the bank must have 360 degree visibility of the customers' relationship with the entire organization, across channels, divisions and businesses. In addition to mostly static information regarding financial position, psychographic and demographic particulars, the bank must be able to record investment interests and dynamic tacit information that is delivered during each customer interaction.

However, the bank's larger objective is to be able to respond quickly when any of its customers sends out significant signals. Therefore, its information management solution must not only facilitate storage and retrieval of data, but also analyze information in real-time and recommend an appropriate course of action, so that any bank employee can act with the same agility as a relationship manager who knows the customer personally.

Customers interact with their banks across numerous touch points. Needless to say, an integrated banking platform must support the retrieval of information uniformly across all channels – from the branch, via Internet and phone banking, through the ATM / kiosk network and through personal interaction. With the development of Web 2.0 technology, the banking world is witnessing the emergence of a new, extremely powerful “social” channel. Banks are leveraging a variety of tools such as blogs, Wikis and groups to encourage interaction, collaboration and co-creation not just with customers, but also among employees and partner networks. Triple play convergence between voice, data and video is opening up opportunities to extend the social channel to the mobile phone, and provide widespread banking and other services over it. Therefore, the integrated banking platform must have the capability to leverage information from such nontraditional avenues as well.

Impact Analysis and Intelligence Sharing

Information captured from a variety of sources is fed into the banks' analytical engines and business intelligence solutions for various types of impact analysis. When a Service Oriented Architecture underlies an integrated banking platform, it facilitates easy communication with any analytics solutions. The resulting business intelligence is fed back into the integrated banking platform for sharing across the organization.

Banking organizations are large and complex, comprising more than their owned entities, to include

a network of partners, allies and suppliers. Earlier, there was an observation on how the easy availability of information across the organization increases its agility. Likewise, there is a need to share business intelligence with the extended organization including partners and suppliers, so that they are able to respond with the same agility as the parent bank.

Partner portals facilitate the delivery of information collected from the banks' back, middle and front – end, on a selective basis, to the extended organization. They can also enable certain processes, such as the completion of application forms by a mortgage applicant originated by the partner, thereby eliminating the need to establish separate contact with the lending bank. Based on their role and need, partners can be allowed access to product related information, training and promotional material. Clearly, this mechanism cuts down the time and effort required for partners to complete regular transactions.

Alerting tools offer banks a quick and easy way to share small packets of information within and outside the organization. Collaborative tools such as Messengers, Blogs and RSS Feeds can be deployed for sharing information within the bank. SMS alerts delivered on customers' mobile phones enable banks to react instantaneously to a certain event and also enhance customer convenience. When an integrated banking platform supports such solutions, it brings a great deal of agility to the intelligence sharing process.

Transformation

In the process of responding to the forces of change, banks also undergo a transformation. Since the journey of transformation is of critical importance, it follows that banks' core systems must be able to support them all the way.

An SOA-based integrated banking platform supports rapid deployment of the universal banking solution, which is essentially the banks' transformation engine. Other agility boosting features include thin client design and web-based processing of business rules.

The infrastructure for product configuration and reporting also merit a mention. A universal banking solution that provides reusable business components reduces duplication of effort by allowing

the same set of business rules to be used at multiple points. Likewise, a robust reporting infrastructure supports large-scale generation and dissemination of customized, feature-rich reports with minimal manual intervention. Finally, multi-lingual and multi-currency capability are de rigueur for banks with global operations.

A bank can approach its transformation journey from a products and services, customer experience or process innovation perspective. Moreover, the choice of approach is not immutable and depends upon the prevalent situation and the bank's business priorities at the time. It is vital that the integrated banking platform be flexible and robust enough to support the bank along each of these journeys, as briefly described below: products and services innovation is predicated upon a "4D framework", namely:

- Design of innovative products and services that are built to fulfill customer needs: While banks need to have a suite of products and services to cater to different segments, they are constrained by the resources needed to support them
- Development of products and services to serve differentiated requirements within customer segments: The ability to introduce small variations by way of bundling or preferential offers increases the banks' ability to cater to a larger cross-section of customers, with a smaller core set of offerings. This helps banks circumvent the problem described in the preceding point
- Delivery of offerings across all channels, consistently: The availability of a customer information repository to be used by bank staff, or a portal for partners can go far in supporting the banks' objective of achieving delivery excellence
- Distribution of offerings in a manner that optimizes the banks' channel strategy

Customer experience-led transformation is driven by a move towards customer-specificity in order to provide the best possible experience to each customer. This is achieved by:

- Educating the customer on products and services offerings: Customers need to have adequate information about their banks' products, services,

delivery channels and the costs associated with each. However, banks do not have unlimited resources to provide personalized education at the branch level. Integrated banking platforms support Push-To-Talk and similar applications which can deliver personal interaction remotely, for example, in a kiosk

- Empowering them with necessary information and tools to encourage independent decision making: Customer can use calculators, simulators and modelers to compare different products, understand the steps to be taken to achieve their financial goals and seek guidance in broader financial matters such as wealth creation and retirement planning
- Embracing them by offering products that satisfy their specific needs
- Extending the relationship by converting customers into loyal advocates: The various components of an integrated banking platform including social channels and partner portals can add depth to customer relationships

Process-led transformation is focused on the achievement of the following:

- Process efficiency: Processes are re-designed and simplified in order to maximize efficiency. The end goal is to achieve both usability and automation
- Process rationalization: End-to-end processes are created in an attempt to reduce duplication and redundancy. When transactions are supported by template-driven processes, it results in higher efficiency
- Process orchestration: Processes are standardized across locations and business units, so that employees and customers alike are not confronted with varying levels of experience

Banks that persist with legacy processes and systems will be hard put to effect a complete process transformation. In contrast, an integrated banking platform has a strong process orientation and therefore imparts flexibility and agility to banking processes. Moreover, if the platform comprises a robust compliance framework, it ensures the mitigation of risks associated with the

transformation.

Integrated Banking Platform at Work

In recent months, banks have dealt with a fair amount of environmental change. With the current propensity to save and regulations having cooled retail participation in bond markets, customers have looked for safe avenues to park their funds. That sparked the launch of a spate of deposit products by competitors.

An institution, powered by an integrated banking platform may have received market signals through its information gathering applications such as the customer information repository, online tools and Web 2.0 platform.

The analysis of this information would provide insight into product conception and delivery. This insight can be shared within the bank, with customers and the partner ecosystem through an application like the partner portal. Any significant feedback can also be transmitted back to the bank via the same mechanism.

Once the bank is ready with its new deposit product, the transformation engine enables it to be delivered, with some customization and innovation where necessary.

Given its multifarious capability, an integrated banking platform creates an impact through the length and breadth of the banking enterprise. Depending on the application, the platform enables simplification and automation, enhances convenience and efficiency and most important of all, improves responsiveness at every stage. The implementation of an integrated banking platform need not be an onerous risk-laden exercise. With the support of an experienced technology vendor and a platform with established credentials, a bank can transform itself from a responsive entity to one that is truly agile.

Author

Rajashekara V. Maiya

Product Manager - Finacle
Infosys Technologies Limited



YOUR INNOVATION PARTNER

PERSPECTIVE

Universal Banking Solution | System Integration | Consulting | Business Process Outsourcing

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

"COPYRIGHT NOTICE: Copyright ©2009 Infosys Technologies Limited, Bangalore, India. ALL RIGHTS RESERVED."
Finacle logo is a registered trademark of Infosys and Infosys acknowledges the proprietary rights of the trademarks and product names of other companies mentioned in this document. Infosys believes the information in this publication is accurate as of its publication date; such information is subject to change without notice.