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From the Editor’s Desk

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A program of the scale of a Core Banking Transformation initiative requires a large team and will impact bank staff and customers while mandating the procurement, integration and implementation of multiple technology devices and different software solution components. Managing and coordinating such a large program requires very strong management, control and continuous focus on value realization and business transformation.

The focus of the article will be:

- Key implementation objectives involved in a Core Banking Transformation program
- Describing the Infosys IMPACT Framework™ with regards to defining and implementing large transformation programs to ensure that the program is fully & accurately specified, managed and delivered
- Briefly highlight the implementation enablers that are necessary to make a program a success—specifically implementation strategy and governance required
- Highlight key benefits from the framework.
Key Implementation objectives in a Core Banking Transformation Program

A large Core Banking program works towards addressing the following key implementation objectives:

- Maximize visibility and the impact of the transformation to the customer and marketplace very quickly
- Ensure that the program is closely aligned to the business strategies identified and, hence, provide an accelerated path towards realizing business value
- Expedite the cut-over of the new Core Banking systems to areas which are most critical and where value can be realized the fastest
- Ensure that value is identified from the transformation and is linked back to the Core Banking implementation objectives and operational levers & metrics
- Ensure safety, pragmatism and manageable risks as well as a respect for the rate of change which can be handled by users and customers
- Ensure clear accountability and appropriate governance for program delivery

Infosys framework to defining and implementing large transformation programs

To successfully implement and complete a large complex core banking transformation program, a holistic and disciplined approach is required. Managing and coordinating such a large program requires very strong management, control and a continuous focus on value realization and business transformation.

Infosys has a robust framework (IMPACT Framework™) for defining and implementing large transformation programs with a wide range of objectives impacting customers, employees, business processes and underlying systems and technology. The Infosys IMPACT Framework™ ensures that a complex change program is fully and accurately specified, managed and delivered.

Infosys IMPACT Framework™ for Technology-enabled Transformation Programs

Exhibit 1
The framework covers the four phases of a transformation program and is structured by threads regarding impact on capabilities, value and on the transformation.

The transformation evolution from strategy to value realization is divided into four discrete phases:

- **Phase 1 – Set Direction:** The key challenges across key stakeholder groups such as external customers, branch, operations, and head-office are understood. In this phase, the high-level target business/operating model required and a roadmap for the Core Banking Transformation is defined. Typically the selection of the Core Banking Technology solution is also done at this stage along with a business case for the transformation.

- **Phase 2 – Design the Details:** The details of the target operating model, to-be processes and business requirements enabled through the Core Banking technology solution are defined. In phase 2, detailing out the various business change initiatives and linking the value to be created to the bank’s operating metrics is a priority.

- **Phase 3 – Make it Happen:** The new Core Banking capabilities are integrated into existing operations and executed with minimal disruption to business.

- **Phase 4 – Run:** The new Core Banking systems are stabilized and fine tuned to ensure the target benefits are achieved.

Large Core Banking transformations require a framework that can logically break down an effort into more manageable threads while simultaneously keeping them interconnected. Nine threads (horizontals) of the IMPACT Framework™ represent the major focus areas of the transformation with each thread designed to address the various areas in the transformation journey having relevance to a Core Banking program. This is reflected in Exhibit 2.

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**IMPACT Framework™ Threads and Focus Areas for Core Banking Transformation Programmes**

<table>
<thead>
<tr>
<th>Threads</th>
<th>Thread Definition</th>
<th>Sample Focus Areas – Core Banking Transformation</th>
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</thead>
</table>
| Realize Value for Customers         | Dialog and co-create with the customer throughout the transformation journey to achieve a customer-acclaimed solution | • Use focus groups to understand customer preferences around capabilities – (e.g. product bundles, account opening, customer service, channel integration)  
• Involve customer groups during testing of new capabilities enabled – (e.g. mobile banking, e-banking). |
| Realize Value for Company           | Leverage a rich, quantitative Value Realization method to set direction and guide the transformation | • Develop business case and link change initiatives to key Value levers  
• Define operational KPIs to incorporate value levers into business agendas – (e.g. cycle time for A/c opening, error rates, number of customer options per deposit product)  
• Setup KPI reporting and benefits realization measurement mechanism on the Core Banking system. |
| Ensure Adoption & Accountability    | Get the right people, in the right place, at the right time who know what they need to do, are committed to doing it, and are supported and held accountable for it | • Assess organizational readiness and define Change Management Plan  
• Design and deliver training to Branch personnel via different channels – (e.g. e-learning, face-to-face)  
• Define communication plan to address various stakeholder imperatives at branch, head-office, operations centers, call-centers etc. |
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<th>Thread Definition</th>
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</table>
| Optimize Processes and Applications | Create optimized processes for the desired capabilities and design a technology solution that supports process objectives and enables future capabilities | • Understand business requirements and define to-be processes across key CBT areas such as A/c opening, CRM, Branch Ops, Finance & Accounting etc  
• Design & build customization needs in the Core Banking technology solution based on requirements. |
| Govern & Visualize Data & Information | Champion information as the key enabler of decision-making rather than as design afterthought | • Determine data (Customer data, Account data, Transaction data) and reporting requirements; map the same to out-of-box functionality provided by the Core Banking product  
• Design and build integrated Customer Information File that the Core Banking solution enables. |
| Orchestrate Global Capabilities | Guide clients in a value-driven, proactive approach to geographically locating capabilities vs. playing cost catch-up | • Determine appetite for regionalization or globalization of operations – (e.g. set up of Regional Processing Centers)  
• Identify processes/functions that can be relocated – (e.g. Branch Ops, Inbound Call Center Customer Service, IT Support for Core Banking product)  
• Define and implement operating model for globalized operations. |
| Strengthen Strategic Partnerships | Build deep, interdependent relationships with partners who provide desired capabilities and maximize value across the extended enterprise | • Identify opportunities to partner with external entities for operating capabilities – (e.g. examine outsourcing opportunities for Customer Service, Customer Analytics, IT Support)  
• Define and implement operating model for partnerships/outsourcing. |
| Return on Assets/ Technical Infrastructure | Identify, implement and optimize the assets required to provide the desired capability, operating at required service levels | • Design and implement the new infrastructure requirements to support the core-banking platform  
• Define linkages between infrastructure components to key locations – (e.g. Data Centers to Branches, Regional Offices, Head-Office) and to various layers – (e.g. Application layer, Database layer, Hardware layer etc). |
| Lead & Manage Transformation | Provide the leadership, guidance, and structure to deliver the desired business capability efficiently and effectively | • Define and institutionalize mechanisms to ensure the steady execution of the program, including leveraging a global delivery model across the program to accelerate delivery, and minimize costs. |

Each thread is comprised of deliverables, activities, tools and techniques that will be tailored for the Core Banking program and will help the program team navigate through the transformation in a structured manner to ensure high-quality, timely delivery that stays within budget. The framework is modular and it is applied based on the client & transformation context. The threads are selected based on the transformation need.

A sample set of deliverables and tools used by the IMPACT Framework™ are reflected in Exhibit 3:
<table>
<thead>
<tr>
<th>Thread</th>
<th>Sample Deliverables/Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realize Value for Customers</td>
<td>• Voice of customer analysis&lt;br&gt;• Customer engagement plan</td>
</tr>
<tr>
<td>Realize Value for Company</td>
<td>• Value bracketed business case&lt;br&gt;• Value diagram for deposits, loans, credit cards&lt;br&gt;• KPI framework and benefit tracking at a branch, head-office and operation center level</td>
</tr>
<tr>
<td>Optimize Processes and Applications</td>
<td>• Target Operating Model – (for various areas such as deposits, loans etc)&lt;br&gt;• Value-Stream mapping&lt;br&gt;• Process flows&lt;br&gt;• Functional and non-functional requirements&lt;br&gt;• Deployment and cut-over plan&lt;br&gt;• Test plan</td>
</tr>
<tr>
<td>Ensure Adoption and Accountability</td>
<td>• Change vision and strategy&lt;br&gt;• Change impact assessment&lt;br&gt;• To-be organization and job design&lt;br&gt;• Branch training plan</td>
</tr>
<tr>
<td>Orchestrate Global Capabilities</td>
<td>• Framework to identify globalization opportunities&lt;br&gt;• Location attractiveness and selection matrix for Regional Processing Centers&lt;br&gt;• Globalization maturity assessment</td>
</tr>
<tr>
<td>Strengthen Strategic Partnerships</td>
<td>• Partnership/sourcing decision framework&lt;br&gt;• Third-party partner selection framework</td>
</tr>
<tr>
<td>Return on Assets / Technical Infrastructure</td>
<td>• Detailed infrastructure design&lt;br&gt;• Performance tests</td>
</tr>
<tr>
<td>Lead &amp; Manage transformation</td>
<td>• Risk and issue report&lt;br&gt;• Scope management plan&lt;br&gt;• Phase gate review check-list&lt;br&gt;• Budget report</td>
</tr>
</tbody>
</table>
A snapshot example of deliverables relevant to a large Core-Banking Transformation are shown in Exhibit 4:

**Key implementation enablers**

**Implementation strategy**

The overall transformation approach should be backed up by an implementation strategy that provides an accelerated path towards realizing the bank’s strategic objectives. Typically, a large core-banking implementation program is split into multiple phases and capability releases.

- A phase signifies major capability achievements and acts as a main checkpoint for the bank to re-assess and re-confirm future plans. Phases could be broken down into sub-phases to demonstrate milestone-based visibility and business outcomes in line with the bank’s business strategy and implementation objectives.
There could be several implementation approaches or scenarios that would need to be decided as part of the implementation strategy each with its set of advantages and challenges:

### Implementation Approaches

<table>
<thead>
<tr>
<th>Implementation Approach/Scenario</th>
<th>Advantages</th>
<th>Challenges</th>
</tr>
</thead>
</table>
| Phased implementation by customer segment (e.g. for High Net-worth, Corporate etc) | • Realize benefits by migrating specific customer segment earlier  
• Customer segment-wise department involvement can mean reduced requirements for resources and coordination  
• Customer data is only in one system | • Interim interfaces required for cross customer segment interaction  
• Need to operate/maintain two sets of systems during the interim period. |
<table>
<thead>
<tr>
<th>Implementation Approach/Scenario</th>
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</tr>
</thead>
</table>
| Phased Implementation by product groups (e.g. deposits, cards, loans etc) | • Helps the bank to launch products early that were not possible in the legacy systems  
• All business processes related to a specific product on same system  
• Easier data migration | • Bank users have to use different systems for different products  
• Manage co-existence issues for – processes, reporting, support & maintenance, etc.  
• Customer data maintenance on different systems for deposit & loans. |
| Phased Implementation by system (e.g. A/c opening system, loan origination system, card application processing system) | • Clarity for users – One system replaces another  
• Easier data migration  
• The replaced system can be decommissioned completely | • Complication in defining business process requirements system wise  
• Training of users per system  
• Longer implementation cycle  
• Interim interfaces required between old and new system  
• Overhead of multiple cycles of testing. |
| Phased implementation by branch/region | • Small & manageable migration to support and stabilize quickly  
• Less people involvement at a single time  
• User readiness, process change, migration readiness can be focused for the specific branches | • Branch specific migration, data consistency and daily reconciliation between old and new systems  
• Testing of interim interfaces between systems and channels. |

The considerations for choosing one of the above implementation approaches are:

• Alignment with the bank’s technology and architecture vision
• Segment (customer, product, region etc) that the bank wants to move to the core banking system as quickly as possible
• Critical functionality requirements and key functionality gaps to be implemented
• Minimize risks associated with the transformation to the bank business
• Impact on end user functioning due to the implementation
• Complexity involved in implementation related to people, systems, execution
• Impact of ongoing projects with respect to resources, infrastructure, etc.
• Data migration effort
• Decommissioning of legacy systems.
Implementation Governance
The implementation plan and approach is backed up by a strong program structure organized using the threads of IMPACT FrameworkTM as a reference as shown in Exhibit 7.

- Each track typically has a mix of resources from the bank, transformation partner and the product vendor depending on relevance. The streams around Value for Company, Adoption & Accountability, Process & Applications (Target Operating Model), and Business Change must be business-centric and business-led. The rest will be IT-led.

- Size and location spread of the bank
- Degree of business change involved
- Product/Functional areas that need to be addressed
- Modules of the Core Banking technology solution to be deployed
- Depending on the scale of implementation, the program could be organized in a matrix fashion with business units/product groups cutting across the above tracks
- Each track is led by a lead and have multiple roles, each with clear roles and responsibilities

Illustrative Program Organization Structure

- Each track will have a mix of resources from the bank, transformation partner and the product vendor, depending on relevance.
- The program could be organized in a matrix fashion

- The key stream around Processess-Applications could be further organized based on process/capability areas such as CRM, Account Opening, Finance & Accounting, Risk etc
- The number of resources depends on the scale of the transformation and the following:

- Different governance forums would be set up to ensure the smooth functioning of the program. Examples are as follows:
- Operational governance consisting of project management team, representatives from bank’s business, and technology groups
• Tactical governance consisting of the program leadership team
• Strategic governance consisting of the executive sponsor, program leadership, business / technology leadership and leadership representatives from the different partners.

Conclusion

There are multiple benefits of using such a holistic framework to run large core-banking transformation programs:

• Integrates the extended enterprise (where to), new capabilities (what to) and managing the transformation (how to). Ensures that all aspects of a business transformation are considered while running the Core Banking program
• Constant focus on value drivers throughout the program journey that increases the success of the Core Banking Transformation program
• Helps decompose business problems into simpler, modular parts that enables navigation through information gathering and analysis
• Ensures a common language and thinking across the program
• Ensures that the program team has readymade tools, frameworks, check-lists and dashboards reducing overall program lead-times
• Ensures achievement of the transformation objective by placing the right balance across all four transformation phases.