

SAP Transaction Banking

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After years of living in the shadows, bulk business has been rediscovered by corporate finance. The painful experiences made with the complex risk structures of investment banking have underlined the importance of a balanced relationship in the portfolio of finance, company and private customer business.

Efficiently designing core banking functions

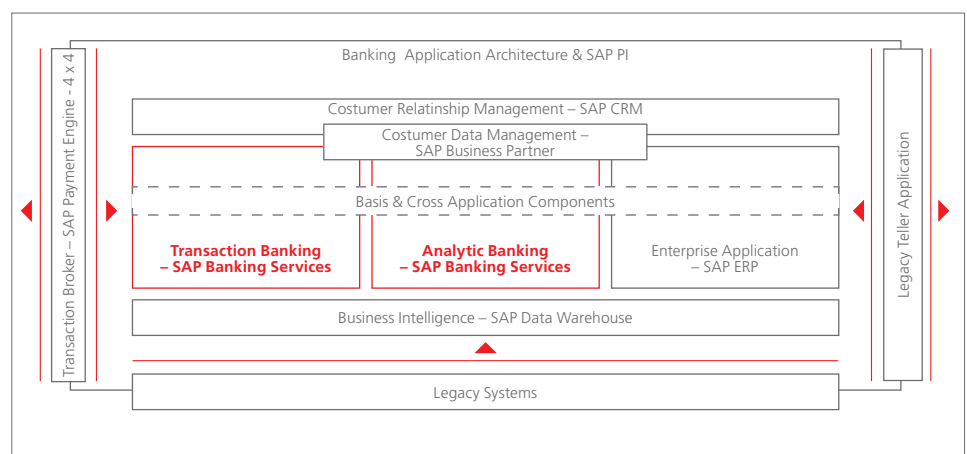
However, the U-turn was not without difficulty. In the last few years, customers have had widespread experience of using Internet-based banking services. They expect and use the opportunity to perform comparisons of terms and conditions with a click of the mouse. Short transaction times are just as understandably in demand as modern products flexibly oriented around market demand. The arrival of international providers to the market brings with it even more competitive pressure.

Nonetheless, attractive margins in retail banking can still be made by taking well calculated risks as long as the core banking functions are set up efficiently and synergy potentials are used consistently. Good profit ratios can only be made reality with the corresponding batch sizes. The industrialization and standardization of processes is thus quite high on the agenda.

Sinking transaction costs

Indications for the magnitude of the optimization potentials were provided in July 2006 with the publication of a comparative study by the European Commission on retail banking. According to the study, German institutions have above-average interest rates for granted credits when compared to the EU, while customers accept above-average interest yields for deposits. The gross margins are well above the European average. However, if the relation between costs and earnings before tax is considered, then, for retail banking in an EU-15 comparison, only Austria is less profitable than Germany. In this respect, IT and the costs of transaction banking also count as focal points of interest.

SAP AG deals with the initiatives for basic modernization of the core banking processes using new information-technology solutions. Its approach targets both increased integration of transaction banking and bank management. As an experienced SAP development and implementation partner, the ifb group provides banks with comprehensive support of all tasks connected to the step-by-step introduction of this all-round solution specific to banks.



How does full SAP Banking Architecture look like?



Increased marketability and cost effectiveness

In order to create modern processes and competitive cost structures, transaction banking and analytical banking need to be both technically and economically closely geared around each other. Asset accounting, monetary transactions and securities management supply a large portion of the data pool for bank management. The use of standard software, a consistent data pool for all applications and an architecture which can also integrate “foreign” applications, are therefore central IT-based requirements.

Integration of transaction banking and analytical banking

The coalescence of the modules of the SAP banking solution into an Enterprise Service Architecture (ESA/OSA) reflects these requirements: With the newly created SAP Banking Service Plattform it will be possible to run the SAP core banking modules Deposits Management (giro, savings and time deposits account management), loans management and collateral management in future together with the Bank Analyzer (risk management, result management and reporting).

The integration of Transaction Banking and Analytical Banking gives your institution the chance to quickly and economically implement modern marketing and corporate strategies. The flexible IT support provided by customer service, realtime processing on all systems and 24/7 availability are some of the most important goals here.

Transaction banking projects call for special requirements

Projects for integrating SAP applications for the development and portfolio management of banking business bring into focus the elementary production processes of the bank and their IT infrastructure. They change processes and organization structures and even redesign the fundamentals of entire function areas. This needs to happen without interfering with normal operations. Not only is this type of change a professional and technical challenge, it also needs to be supported and carried by the employees of the institution. A transaction banking project requires leading know-how and a process model which provides optimum security. Comprehensive change management is one of the integral components here.

Qualified support from a single source

As a consulting and software specialist in the finance industry, the ifb group is able to enjoy an excellent reputation. As a Special Expertise Partner to SAP AG, we are centrally involved, both professionally and technically, in the setup of branch solutions for banks. Thanks to longstanding worldwide activities in the SAP banking environment, our specialists have been able to build up consulting and implementation experience that amounts to many hundred man-years. In cooperation with SAP AG and SAP user banks the ifb group has successfully completed numerous international transaction banking projects.

We expand on our consulting services by adding software developments and customizations, which can be carried out specific to a project, both on-site as well as within the framework of nearshore and offshore concepts. By using thoroughly tried-and-tested development models, we are able to achieve an exemplary combination of quality and cost efficiency.

Functional areas of transaction banking

- Deposit Management
- Account Origination
- Loans Management
- Collateral Management



Business requirements have priority

When implementing an SAP solution for transaction banking, both professional as well as technical requirements need to be met. Here, the commercial requirements of the individual bank determine the design of the IT architecture. The entire project is thus business-driven.

Systematic preparation

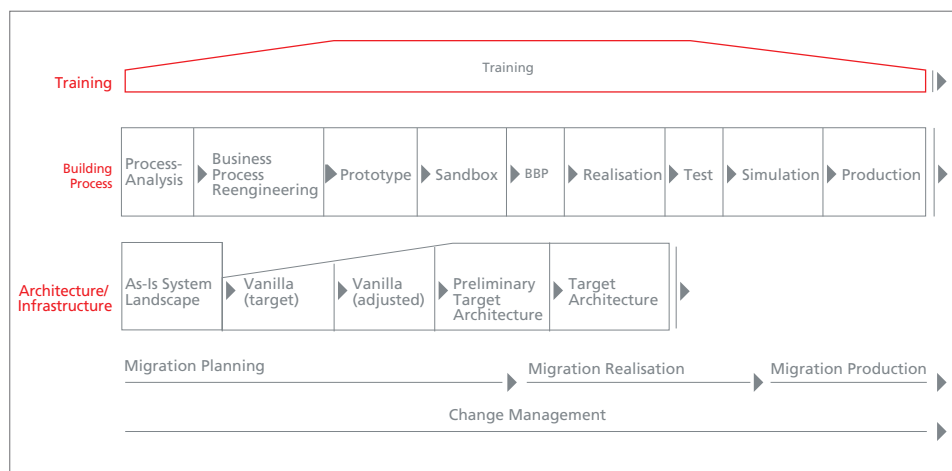
The ifb group has comprehensive project experience with the implementation of SAP transaction banking solutions. On this basis, our implementation experts have developed a process-oriented model. It ensures that the core banking systems of the institution can be modified, adapted and replaced without there being repercussions for the routine production of the bank. The comprehensive planning required for this is fully supported by the model.

Business Process Reengineering

At the beginning of the project an inventory of all business processes in transaction banking is carried out. The recorded processes are consolidated and structured by topic. Within the framework of Business Process Reengineering (BPR) the processes are optimized according to the requirements of the bank and rethought where necessary. After this, the prototype installation of a technical platform is carried out, on which the business requirements are mapped as a business blueprint in the IT area. Simultaneously, the transfer of SAP-related know-how to the bank's employees begins. The comprehensive IT implementation is executed step-by-step in releases. This process needs to be set up specifically for the bank in question. Subdivision depends on a number of factors and can only be defined after Business Process Reengineering at the earliest.

Business Process Transformation

The product-specific transfer of databases of giro accounts, savings accounts, time deposits and loans, etc. occurs during the course of the project on a step-by-step basis. After successful migration, the legacy systems are switched off. Business Process Reengineering carries out lasting changes to the processes of the bank and the operation method of the departments: This way, marketing, with the help of the SAP Support Center, is in a position to almost entirely develop product innovations on its own. Functional areas like programming, post-processing centers, etc. will no longer be required. The new organization structure grows inside the project, which the employees take on step by step, by replacing old functions and processes in sections. According to this principle, the implementation of SAP-supported transaction banking enables the systematic, business-driven restructuring of the bank.



**We're happy
to support you!**

Modern transaction banking with clear benefits

In a market environment, which turns customer orientation, service quality and production costs into factors critical to success, the new design of core banking functions on the basis of the SAP Banking Service Plattform offers decisive cost effectiveness and competitive benefits:

- flexible IT support for the customer service
- realtime processing on all systems
- 24/7 availability
- time-saving and inexpensive maintenance of the IT infrastructure
- clear process design
- efficient core banking processes
- more flexibility on the market
 - time-saving mapping of new products and product variants
 - quick market launch
- clearly laid out and serviceable condition modeling
- realtime adaptation of product configurations to current market interest rates and other parameters
- higher offer appeal to new customers
- simplified customization of the spreads, even under volatile market circumstances
- very good scalability and adaptability of transaction banking
- high IT investment security

As an SAP Special Expertise Partner we are in a position to support you when it comes to all specialist and technical aspects of your transaction banking project, from the strategic planning, through all phases of implementation, all the way to support of the production operation. The comprehensive qualification of your employees is just as much an integral component of our range of services as the development of company-specific adjustments and AddOn solutions.

ifb group

ifb was founded in 1989 in Germany and currently employs over 450 employees all over the world. As a competence center for risk management and financial management we enjoy an excellent reputation. We advise credit institutions, insurance companies as well as companies in the industrial, trade and services sectors when it comes to questions of an economic nature and develop software for result-oriented management and reporting. As a partner for well-known software companies we deal with the implementation and project tasks for SAP Banking Solutions and the entire spectrum of business intelligence. Over 1,600 customers rely on the solutions provided by the ifb group.

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