



Jürgen Mauk, ifb group

Close interlinking of core banking and analytical banking

SAP AG brings in ifb group as a partner in the IT offensive

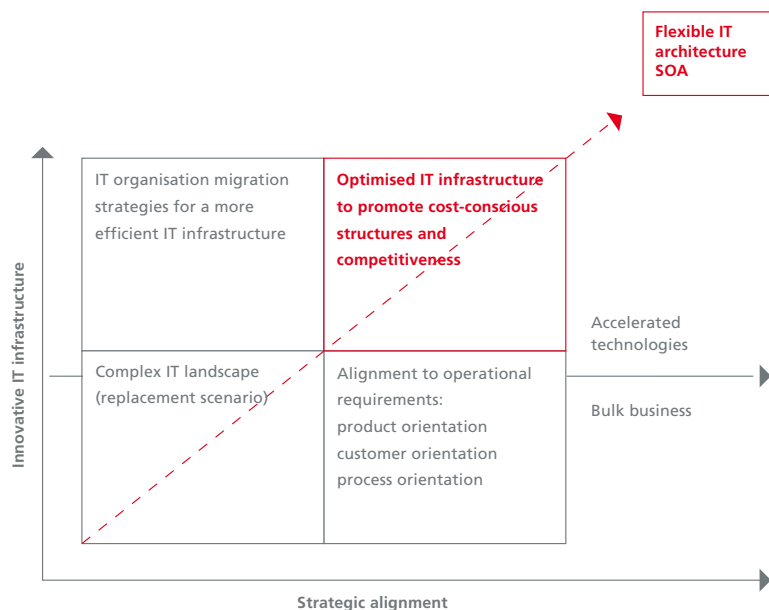
Following years of existence in the shadows, the financial community has rediscovered bulk business. Grim experiences with the complex risk structures in investment banking have highlighted the significance of a well-balanced ratio between trade investment, corporate customer and private customer business within portfolios. However, achieving the U-turn is not without problems; well-versed consumers with internet banking experience, the possibility of comparing terms at the click of a mouse, short transaction times and entry into the market of international competitors have changed conditions. Nevertheless, attractive margins with well-calculated risks can still be achieved in retail banking if the core banking functions are efficiently structured and synergy potentials consistently exploited. Good profitability ratios can only be generated through correspondingly high volumes, and it is for this reason that the industrialisation and standardisation of processes is top of the agenda. With its information technology solutions, SAP AG leads the way in development aimed at intensifying the integration of core banking and control processes. For the ifb group, as an SAP development and implementation partner, this means expanding the range of services in the SAP Banking environment both thematically and with respect to personnel.

„As such, the enterprise SOA compliant SAP Business Process Platform for Banking enables the combined operation of optimum customised solutions from SAP and our partners, without increasing the complexity of the IT landscape.“

Ralph Baumgaertner
Head of Solution Management
Operational Processes, SAP AG

Attractive optimisation potential

Indications of the scope of optimisation potential were provided by the European Commission comparative analysis on retail banking published in July 2006. According to the study, in an EU comparison German banks attain above-average interest rates on loans granted, while customers accept lower-than-average interest on deposits. Gross margins are well above the



Business strategy implementation through further development of products and markets

*SAP Services implementation experience
as in April 2007, ifb group*

350
Years

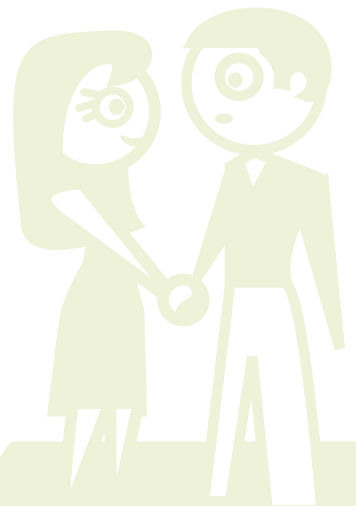
European average; however, when the ratio between costs and pre-tax returns is examined in an EU-15 comparison, only Austria is less profitable than Germany in terms of retail banking. In this respect, core banking IT and transaction costs are also significant factors of interest.

Market and operational aspects as the driving forces behind a new IT strategy

Up-to-date processes and cost structures presuppose close technical and operational interlinking between core banking and analytical banking. Ultimately, as core banking functions, portfolio accounting, payment transactions and collateral management provide a major part of the database for bank controlling applications. This in turn creates strategic IT requirements, such as the use of standard software, a uniform database for all applications and architecture aligned in such a way that it is also capable of integrating "third-party" applications. The combination of SAP Banking solution systems in a service-oriented architecture (SOA) is a clear example of this trend. In future, on the newly created SAP Banking Process Platform, the core banking modules of Deposits Management (current account, savings account and time deposit management), Loans Management and the Collateral Management System will be jointly operated with the Bank Analyzer (risk management, return management and reporting). This, in turn, creates an optimal environment for implementing modern market and corporate strategies; with flexible customer service IT support, real time processing on all the systems, and 24/7 availability counting amongst the most significant visionary innovations.

Intensive cooperation in replacing heritage systems

On conventional IT systems, increasing customer demands and new internal and external reporting requirements result in rapidly increasing complexity-related costs. Data management optimisation is one of the most important tasks facing banks in the future. Banks that adapt their IT strategy to produce a smooth flow of data – from front and back office systems to efficient reporting structures – will successfully realise attractive margins in bulk business. As a longstanding SAP cooperation partner, the ifb group is closely involved in corresponding development and transformation projects; including, amongst other things, development of the SAP core banking modules Deposits Management and Loans Management, as well as the implementation of SAP Core Banking in Germany, the United Kingdom, Canada, the USA and Latin America. In addition, the ifb group has core expertise in total bank controlling, risk management and finance management. With this level of experience, the ifb group specialists are optimally prepared for the task of adapting SAP solutions interlinking core and analytical banking to meet the individual operational requirements of customers.



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