

Banking software in disrupted markets

Is banking software keep up with changing financial markets?
Flexibility, openness and independence of systems are required more than ever. Only flexibility will bring success!



MARCEL SCHLAGENHAUF

Sales Manager, OLYMPIC Banking System
German-speaking Europe,
and Central & Eastern Europe

In your eyes, how will the global banking software market develop over the next two years?

Disruptive innovations, FinTech, Digital Banking, crypto-currencies, block chains.... these are the key words that have dominated the specialized financial press, seminars and conferences for some time. For banks, increasing demands for regulatory compliance, escalating costs of risk monitoring and management, and reduced margins have all led to continuing consolidation in the banking market. Thus it seems certain that financial markets will change drastically in both the near- and longer-term future. Consequently it is also clear that vendors of banking software systems must adapt their products to these changes if they wish to stay in line with the markets. However it is probable that not all system providers will follow these changes. One should therefore expect some consolidation among these systems vendors.

What are the greatest changes in technical and functional terms?

Modern systems should be based on modern technologies, being highly flexible and adaptable, and which importantly provide open integration layers, e.g. SOA, adapters, Multi Message Engines, ETL tools etc. that are able to quickly and easily connect, process and consolidate third-party sub-systems such as new solutions from FinTech companies or partial solutions from external banking systems. Furthermore, different and changing procedural requirements will necessitate flexible process management. From a functional point of view, risk management in particular will play an even more important role. These days in addition to not only market risks and computer security risks, it is necessary to be prepared for "cyber-risks", default risks, reputational risk, and so on.

We always talk about the fact that banks should face the digital challenge. How do your services and solutions support financial institutes in this changing environment?

Not all banks will respond to these new challenges at the same speed. It is therefore important, especially in order to serve the innovation-followers, to continuously provide systems with comprehensive functionality, in a modern, multi-channel front-to-back architecture. At the same time, for the pioneers of innovation ("early adopters") there must be a system ready that responds to the previously-mentioned challenges. The banking system of the future will meet current requirements while being able to adapt to the futures. The OLYMPIC Banking System has exactly this type of flexibility, and allows banks to evolve rapidly in line with market changes at all levels.

What for you are the most important factors for a successful global banking solution?

A modern, open architecture with an integration layer and freely defined and flexible process management. Making fully available integrated or external functionality within a modular structure. The customer decides what features he acquires from which supplier.

What are the legacies that should be retained from past systems, and which peripheral systems should banks migrate away from as quickly as possible? And how should new software be designed in order to respond to the changes of the following years?

All inflexible monolithic systems applications and interface programs should be replaced or bypassed. As mentioned previously, key characteristics of future systems must include being multi-layer, multi-channel, SOA-compliant, platform independent, comprehensive use of parameterisation, flexible “Plug and Play” integration technologies, and flexible process design.

Do banks gain flexibility through your solution while reducing costs? If so, can you explain how?

This is indeed a strength of the OLYMPIC Banking System. Its completely integrated functionality increases the level of automation supported (the “STP rate”) and reduces the problems associated with interfaces between non-integrated systems components. ERI’s OLYMPIC solution includes flexible and freely-defined dashboards, based on users’ roles. Widgets and/or third party content can be incorporated in support of “24 x 7” operation based on current operation data for integrated control of business processes with controls and alert functions. The system is modular and scalable, while being open to inter-operation with not only third-party applications but also with future developments.

Please tell us about some of the innovations and their value that you have scheduled for banks in the coming years?

For example the functional enhancement of integrated OLYMPIC modules such as PMS, CRM, MIS, e-Banking and Mobile Banking, etc.; the expansion of integration capabilities, the adapters and links to other third-party FinTech solutions, ongoing flexibility of the design processes, and more.

At the Finovate conference in London for example, enterprises have regularly show-cased innovative solutions for the banking sector. Are you watching these companies yourself? And which innovations in particular are relevant for you?

A future-oriented company such as ERI Bancaire must constantly keep abreast of discussions about developments, trends, innovations and visions of the future that occur within its target market. Of particular interest are the innovations in the field of private banking / wealth management “robo-advisors”, based on big data, transfers (peer-to-peer, mobile, contactless, etc.), credits (peer-to-peer, credit kiosk, crowd-funding, micro-finance, etc.).

What are the most important lessons learned from your software implementation projects?

Achieving a balance between the standards of a software package and the individual standards and requirements of its users is not only the determining factor governing implementation costs and duration, but above all impacts the ultimate satisfaction of the customer. Too much adherence to standards (as in a “model bank”) can sometimes restrict a bank’s ability to specialise in creative business activities. On the other hand, too much individualisation leads to unnecessarily extended implementation projects and over-complicated post-implementation system maintenance. This, in turn, inevitably increases costs. The most important component for the success of a project is still and always will be the attention of the corporate-level management on both sides, that leads and encourages active cooperation between the customer and the supplier. Timely and cost-effective projects can only be guaranteed if they are treated as high priority for both corporations’ Head Offices.

In summary, is there anything else to say on this subject, and what's your personal advice to top management?

Market transformation has already begun, but the nature and timing of market changes are by no means certain. However, it is clear that top banks are making large-scale investments in digital banking. Generally, it is necessary to decide whether to be an early adopter, or if preferred, to wait and see. But in a lean and fit organisation, the OLYMPIC Banking System’s modern, flexible and quickly adapted technology will help it to be responsive to rapid market evolution.