

Capitalise on an innovative universal banking solution

Despite constantly increasing regulatory constraints, the OLYMPIC Banking System guarantees cost-savings, as well as improved customer service



Jean-Philippe Bersier is Director Business Development by ERI Bancaire S.A.

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What new technological innovations do you expect to see in the banking sector in the months/years ahead? Is there room for improved efficiency? If so, how?

Banks are constantly investing in computer technology. Yet despite the huge figures sometimes involved, there are many processes which remain largely manual. Banks have had to comply with numerous past and present-day regulatory constraints, which will only increase in time. Falling into line comes at a very high cost, which is why investments to improve customer service quality and cut back-office costs are often delayed.

New technologies are most likely to come to the fore in the areas where customer service levels can be improved. On this basis, expect new developments particularly in relation to CRM systems, internet services (online communications, online reporting, → e-banking), mobile solutions (mobile banking) and front-office systems for asset managers.

Building on the increasing success of mobile technologies, ERI has developed a full-service e-banking solution for asset managers to use on tablets and smartphones. The application seamlessly integrates into the OLYMPIC Banking System's

SOA architecture and provides a user-friendly environment and complete set of functions for asset managers to advise their clients.

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Can we expect any new technologies where banks can make further savings without compromising the measures taken to address Compliance?

Most banks have achieved a very high level of automation, particularly in Switzerland, meaning that it is increasingly difficult to make further cost savings. The current IT architecture of banks reveals an application portfolio which still features a very high number of systems. This is mainly down to historic reasons and there often being a need to find tactical solutions for urgent requirements.

A way must be found to cut costs without compromising the measures taken to address Compliance. The technology available can be harnessed to improve the requisite quality

controls and at the same time automate processes so that errors can be reduced and risks identified beforehand rather than afterwards.

Choosing a fully-integrated system with an extensive range of built-in functions will streamline the IT architecture and result in significant economies of scale, particularly if the solution can be centralised to serve different sites.

An alternative approach would be to outsource the activities still performed manually to shared service centres where wage bills are lower. This is certainly an attractive option, but the volume of transactions handled would need to be very high to justify this approach.

What practices, new technologies and/or service offerings are you relying on to support banks so that they can achieve their goals of greater profitability and growth?

ERI is investing in technology on all fronts. Firstly, we want to automate transactions as much as possible to achieve cost-savings. Secondly, and more importantly, we want to offer new solutions to improve customer service quality. This is the main area banks are targeting in order to differentiate. Creating systems to support

financial advisers with their day-to-day activity is one of our chief priorities. Being able to provide clients transparent advice and offer solutions best-suited for handling fiscal and regulatory mechanisms, using complementary communication and execution channels, is of paramount importance.

For portfolio management, we are focused on developing tools to optimise portfolios and enhance risk management and reporting. As mentioned previously, ERI is also developing mobile solutions so that asset managers and clients can access key data and interact online. Being able to notify clients and their asset managers about key events encourages interaction between the interested parties, which generates added value for both the bank and its clients.

In your opinion, what technological innovations will enable financial institutions to gain real competitive edge over rivals?

Banks must increase investments designed at creating real competitive advantages. A recent survey published by a leading consulting firm indicates that investments in this field are likely to increase by at least around 10% in 2013.

The wish list is long: improved service platforms, more relevant reporting, enhanced risk management, better appreciation of compliance in the process for acquiring new clients, mobile platforms for interacting with clients, etc.

However, let's not forget that technology does not have all the answers. Banks readily acknowledge that current practices are some way off unlocking the full potential of the applications available. Asset managers must be trained to use new applications and technologies as soon as these go to market.

If you were IT manager at a bank, what new technologies would be at the forefront of your mind? Where would you be looking to drive forward innovation for universal banking systems and how?

As we see it, key measures must be taken to deliver quality service levels to all the actors in the value chain, namely the bank,

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back office and front office, right through to the client. This is essential. However, the most effective measures are not necessarily the most visible; for example, streamlining the database architecture will ensure that bank users obtain reliable and pertinent data. Simplifying the functional architecture is without doubt the only way to save costs and at the same time achieve faster time-to-market turnarounds. Many institutions have tried to combine their architectures but have only partially succeeded in doing so. This is not surprising considering how wealth management has changed over the last years, with periods of growth followed by contraction, not to mention the backdrop of mergers and acquisitions.

What do you think constitutes an innovative and future-oriented banking system?

An innovative banking system would be one that is designed to constantly evolve. After all, the only thing certain about banking today is that things will change!

Flexibility is an absolute must. A modern banking system must be accessible to users by every

channel possible. It must also be fast and easy-to-use and cover all the functions of a universal bank: a full set of banking services for SMEs, features to safeguard and optimise the assets of a business owner, plan their succession and ensure they obtain the best tax treatment, not to mention a complete on-line banking solution. Only a modern system using the latest technologies to constantly develop solutions to meet clients' needs can achieve this.

ERI's approach with its business strategy is to have a team of recognised and experienced experts in place to keep track of all the latest technological developments.

What challenges will innovation management present for banks?

The challenges vary significantly from one banking sector to the other. That said, a common ground looks certain to be reached in terms of client requirements, be it in relation to private or retail banking or more specialised institutions. Clients want banks to offer them secure solutions which don't chain them to set times and places. In 2020, there will be more than 6 billion mobile phone users worldwide: that's five times the current number of bank accounts. The mobile phone is now the most secure and efficient universal platform for delivering banking services to customers who want to use their devices not just to check balances, but also to pay bills and carry out all types of transfers and transactions, with instant results and confirmations. According to the World Bank, these types of transactions account for over \$250 billion every year.

Data management and protection have historically been key areas for investment. The value of data nowadays is beyond es-

timation and all the major phone manufacturers are developing their product offerings with Big Data centre stage. In the years to come, delivering reliable, relevant and above all secure data will be the chief concern of IT Managers.



Contact:
ERI Bancaire SA
Leutschenbachstrasse 95
8050 Zürich
Tel. + 41 (0) 44 204 93 00
Fax + 41 (0) 44 204 93 01
marcel.schlagenhauf@zrh-eri.ch
www.eri.ch / www.olympic.ch