NEWS
INTERVIEWS
PROFILES
FEATURES
COMMENTARY
ANALYSIS

FINANCE
ON WINDOWS
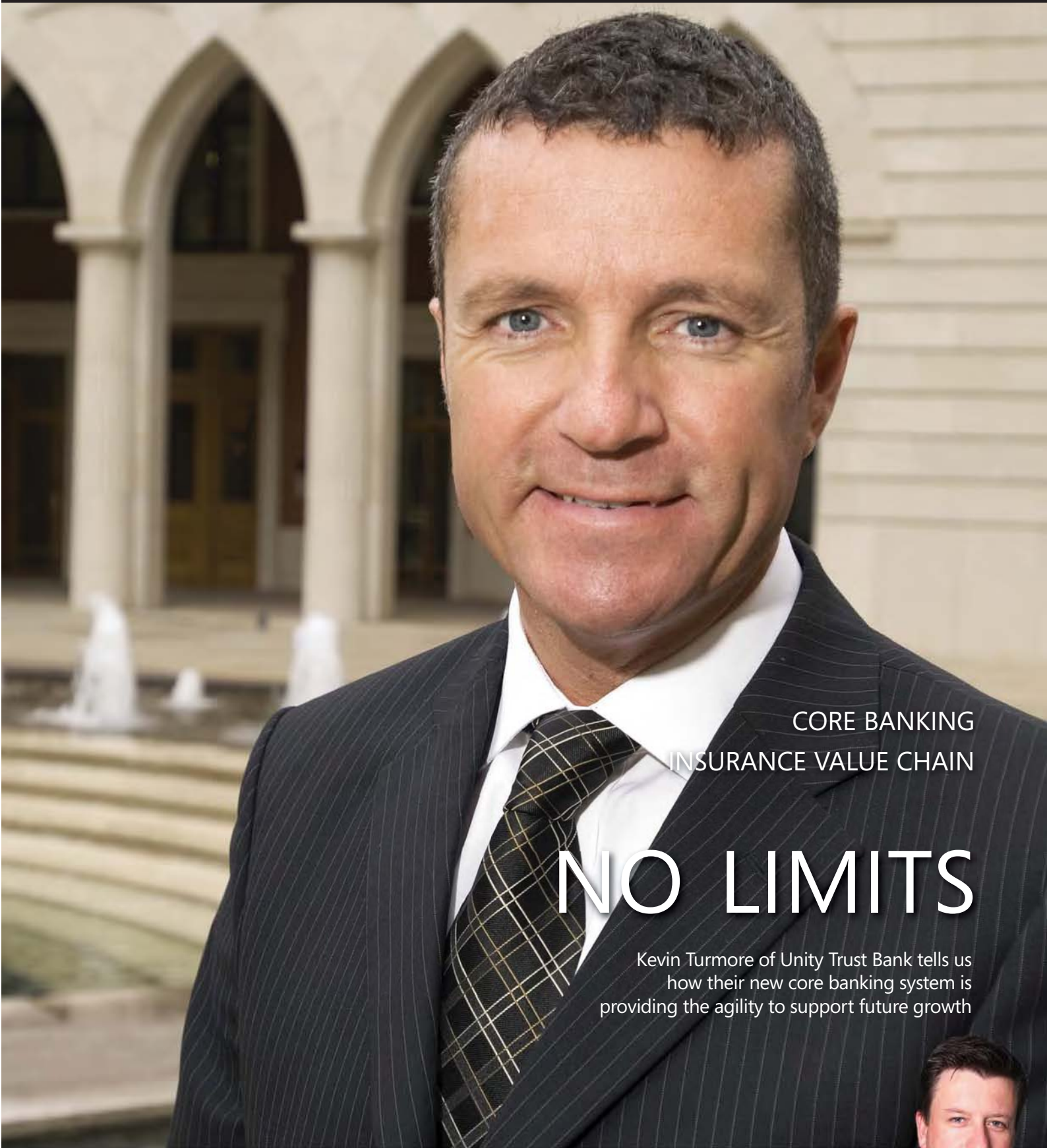
CORE BANKING
INSURANCE VALUE CHAIN

NO LIMITS

Kevin Turmore of Unity Trust Bank tells us
how their new core banking system is
providing the agility to support future growth

Find out what happened when industry leaders got
together to discuss key financial services issues at the
Sibos 2006 conference in Sydney, Australia. **Page 10**

"Microsoft and its partners are working to provide solutions for the industry
that enable employees to help their companies seize market opportunities,
make smart decisions and realise maximum value from investments"
David Vander, Worldwide Managing Director, Banking, Microsoft

NO LIMITS

UNITY TRUST BANK IS THE FIRST TO GO LIVE WITH APAK'S NEW AURIUS CORE BANKING SYSTEM, DEVELOPED ON .NET. JACQUI GRIFFITHS SPOKE TO MD KEVIN TURMORE TO FIND OUT HOW RESPONSIVENESS AT EVERY LEVEL OF THE PROJECT COMPLEMENTS THE BANK'S OWN DEVELOPMENT AND CUSTOMER RELATIONSHIPS

A s the dynamism of the banking industry increases, bringing with it a whirlwind of demands for more competitive, agile and customer-centric institutions, the major international bank using IT to improve its processes is becoming a familiar story.

A key reason behind those changes is the entry into the market of smaller, specialist institutions, unhampered by legacy systems. But what about those banks that fall somewhere in between? The niche players that have nonetheless been around long enough to have a legacy platform — how can they achieve the necessary agility, scalability and cost-efficiency when their system becomes outdated? For Unity Trust Bank (UTB), these questions became crucial when it learned that its core system was nearing the end of its life.

UTB was established by the UK Trade Union and Cooperative movements in 1984. It provides banking and membership services to the UK's trades unions, charities, voluntary organisations, credit unions and membership organisations, and prides itself on its record of social responsibility. The banking operations are based in the city of Birmingham in the West Midlands.

Fincentric's Windows-based Ovation system had provided UTB's core banking capabilities since 1996. When the Canadian supplier informed clients that the system was to be superseded by its Wealthview solution, UTB needed a rethink — Wealthview was not a development of Ovation, but more of a replacement system. Thus, it came with the uncertainties and potential teething troubles of any young technology.

"We'd had the Ovation core banking system, supported by Fincentric, installed ten years ago," says Kevin Turmore, managing director at UTB. "Fincentric was phasing out its support for the system in the UK, and this gave us the opportunity to review our investment, our capabilities and potential providers."

If UTB was to replace its core system, it made sense for it to look at a range of offerings, and this idea evolved into a desire to make a strategic investment the bank's IT as an engine for business growth. In this light, the demise of its legacy system became an opportunity for improving its management information systems and customer relationship management.

Having made this decision, the first question was whether or not to outsource the core system. UTB decided it wanted to keep its mission critical technology in-house, and looked for a system that would also enable the in-house development of new products. It was equally important that the system would have solid support in the UK. "The UK financial services marketplace necessitated ongoing development in order to remain compliant with regulations," says Turmore. "Our medium to long-term considerations included the UK's possible entry into the euro and what that would mean to our customer base, as well as how to improve customer service now, and our own future growth."

Any financial institution should also, by its very nature, have its eye on cost control — a pressure that is growing as regulatory compliance issues increase. UTB is no exception. With 70 internal workstations across its headquarters and two smaller offices, it found several solutions too expensive for a company of its size.

UTB's requirements — increased flexibility, maintaining its Windows infrastructure, and low cost — significantly narrowed down the field of potential suppliers. "We looked at a total of five suppliers," says Turmore. "We scored them according to criteria such as user requirement specification, technical fit to our existing infrastructure, and the functionality we needed for our customers as well as how the system could expand in the future to accommodate business growth. It was also important that the supplier or partner was a UK-based organisation supporting UK employment. Against this tender, we also asked for due diligence checks against the offerings the suppliers came back with."

As the UK implementation partner of Fincentric, Apak had been working with UTB for around a decade and was in the process of developing the Aurius core banking system. It answered a number of the bank's criteria, including support for the UK market, and UK-based development of software systems.

"We'd worked with Apak on upgrading Ovation and refining it as we developed and grew, so there was already a good working relationship between us," says Turmore. "When we came to review the offerings, Apak was one of the five that were chosen."

"Aurius is a completely real-time system," says Nick Jasper, senior business manager for Aurius at Apak. "The design of new products, creation of new accounts, and any new business rules are available immediately."

The relationship between the two companies complements the responsiveness enabled by the new system. "UTB has over ten years of working relationship

> ❝ WE OFFER THE ABILITY FOR MORE SPECIALIST BANKS TO TAILOR PRODUCTS INDIVIDUALLY TO THEIR SPECIFIC CUSTOMER NEEDS, AND WE CAN DO ALL THAT IN REAL TIME ❞

NICK JASPER
APAK

with Apak, which is good for both parties," comments Turmore. "UTB can tell Apak what it needs from a banking perspective, and Apak provides ideas on how to achieve these aims and a timeline for them. It's a two-way flow of ideas, and the synergy between the two enables rapid reaction to changes."

The point is borne out in the Aurius project. Jasper adds: "We had implemented the Fincentric Ovation product at UTB, and we had to completely migrate the current functionality and the current customer database and history across onto Aurius, so we had development work to do, as well as a major conversion exercise. Both of these were accomplished in less than a year, from signing the contract to going live."

Phase one of the implementation had the goal of achieving a 'business as usual' state for UTB. This was achieved because the solution enabled the bank to maintain its existing IT infrastructure of Microsoft Windows with SQL Server, and through internal testing for the entire project, to make sure any problems were ironed out before it went live.

"The implementation was done for a fixed fee, and included user acceptance testing," says Turmore. "We released a resource within the bank where customer service advisors went onto a testing team to make sure all the processes were efficient and user-friendly. We did this for several months, using checklists to highlight any changes that needed to be made. It also meant that IT services and customer service advisors had an understanding of what would be happening from the start, and were able to contribute to making it efficient and user-friendly."

Jasper adds: "We were on site for two or three months after they went live, floorwalking — working with the users and answering general queries."

With any retail banking system, there are two groups of end users — bank staff, and customers. Aurius has been well received by both groups. "In the vast majority of areas, customers won't have seen a difference," comments Turmore. "The purpose of phase one was to match what we had, with enhancements in phase two including the ability to enhanced communication with customers, and at the back-end, to develop the future direction of the business."

In fact, the only issues raised by customers were cosmetic, and concerned matters such as the terminology used on the Internet banking facility. Working with Apak enabled UTB to act on its principles of responsiveness to customer needs — every issue was addressed and quickly resolved with a further Internet banking release. "In a lot of ways, users would be familiar with many of the concepts, such as the ability to navigate, because standard

Windows features are already there," says Jasper. "On the desktop, it looks like a Windows XP system, while behind the scenes, developing in a .NET environment gives us access to other standard Windows-compatible applications, and the ability to integrate easily with other Windows and Microsoft-based applications."

UTB rescheduled its go-live date from May to July 2006, in order to build in enhancements to the work process flow charts. "We realised we could make efficiency gains with workflow in the new system at that stage," comments Turmore. "Many major banks have a team of staff working on each product, such as loans or current accounts. At UTB, we take a relationship approach to banking — the person who answers your call will be the person who deals with all your banking."

This level of service demands a responsive, efficient and agile core system that offers an all-round view of the customer. Aurius enables this at the touch of a button. "We like to cover the gamut of banks that offer what you might call standard products to a large number of customers, but we also offer the ability for more specialist banks to tailor products individually to their specific customer needs, and we can do all that in real time," says Jasper.

For UTB, this was crucial — its customer base, including charity organisations and trades unions, presents some unique challenges. "Many core banking functionalities are similar across all suppliers," comments Turmore. "The real difference with Aurius was the embedded workflow and parameterised approach to system configuration, especially the online product factory and embedded anti-money laundering reporting, which highlights any anomalies and identifies the right staff to handle them.

"Our customers often need to transfer large sums of money on a one-off basis," Turmore continues. "For example, a charity might start with a nil balance, receive £80,000 of lottery funding, use that up and then start selling its services, or raising funds by other means."

By providing up-to-date technologies and enabling rapid access to core data, Aurius gives customer service staff a real-time, at-a-glance view of the customer on one screen, so they can assess the validity of a one-off transaction and elevate it to the right level if it needs more attention. It also gives them the right information to consider how customers' needs are developing.

"Many charities do not realise all the banking options available to them," adds Turmore. "Aurius gives us an all-round view of the customer, so we can see how best to help them and keep them sustainable and growing in the long term. We see at a glance what services might suit our customers and what they already have, from day-to-day

banking to loans, so we can identify their needs and talk through their requirements."

This all-round view of the customer, available at the touch of a button, combines with the ability to develop new products using the system's online product design feature — to enable UTB to support the growth of its own business and those of its customers in a timely and responsive way. "We've achieved our phase one goal of 'business as usual' with anti-money laundering, enhanced workflow and compliance, as well as releasing some capabilities that had been waiting in the wings, such as applications relating to Internet banking and enhanced processes for account opening," says Turmore.

"We have a solution that is easy to deploy, with embedded workflow and integrated imaging. The flexible charging structure functionality will enable us to offer different fee and charging structures, depending on the source of the transaction — for example, the differences between Internet and telephone banking requests. Features can also be implemented using the online product development facility, and we will look to exploit the speed of deployment, responding to seasonal traits or

types of customer and finding the best ways to support them through product development."

With the support of its Aurius system, UTB now intends to further its own growth by taking more determined steps into markets and sectors, such as commercial enterprise, which currently form a small percentage of its customer base. "Future roadmap developments for Aurius include ATM and electronic point of sale capabilities," says Turmore. "We've agreed a list of future development items, and these are currently being prioritised. Apak will then assess the best means of achieving them, and provide us with a timeframe. There is a mixture of improvements to existing elements and ideas for new functionality."

And there are no limits in sight for UTB's potential growth. "UTB has also moved to SQL Server 2005," notes Jasper. "The enterprise edition now has no upper limit on the number of processors, size of database, or memory capacity of the machines running it. It is truly now a large-scale, industrial strength database that can accommodate any future growth, so the sky's the limit". **F**