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Virgin Money makes banking systems purchase

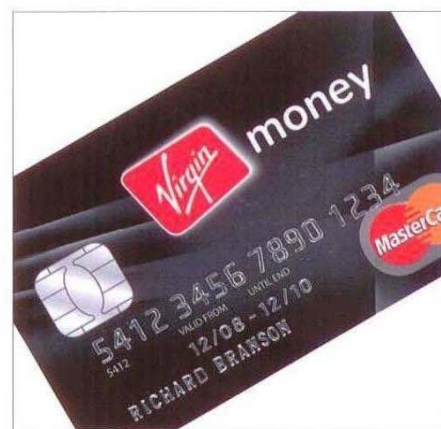
Virgin moving into UK full-service banking with acquisition of Fiserv-centric entity, IMS

Virgin Money has acquired the Fiserv-centric outsource entity, Intelligent Managed Services (IMS), and this will form the basis for Virgin's move to offer full service banking in the UK. The IMS business has been bought outright and will constitute Virgin Money's internal operations, so will no longer seek to offer commercial outsource services.

IMS was a relatively short-lived entity, having been formed from the remnants of unsuccessful UK-based start-up, Ivobank (IBS, February 2010, Ex-Ivobank team plans hosted service based on Fiserv). Ivobank

had selected and implemented Fiserv's ICBS (now branded as Signature) as its core system and a number of other applications, including Fiserv's Aperio channel solution, Aqua Global for messaging and Smartstream for reconciliations. When IMS sought to offer these on a commercial basis, a key selling point was the ability for a bank to be up and running swiftly on what was effectively a 'bank-in-a-box'. IMS was seeking its first customer when discussions opened up with Virgin Money.

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Ebics breaks out of German and French strongholds

A potential threat to Swift, Ebics bank-to-bank/corporate messaging is gaining ground

The Electronic Banking Internet Communication Standard (Ebics), seen in some quarters as a threat to Swift's core business, is starting to attract interest and uptake outside its German and French strongholds. Used for corporate-to-bank and bank-to-bank secure messaging (IBS, September 2010, Ebics sends Swift a message), it is based on an exchange of keys between counterparties and was defined by the German banking community. Adoption is now under way in France and there has been

activity elsewhere, particularly from German-speaking Europe and French-speaking North Africa.

All banks in Germany are ready for Ebics, reports Ralf Reddin, CEO at Dusseldorf-based supplier, Business-Logics. The banks are contractually obliged to support the old protocol until the end of this year and it is a mixed picture in terms of strategy. Some banks, particularly government-owned ones, including Ebics advocate, Deutsche Bundesbank, are stating

that support will end on 1st January. However, others are showing more flexibility, with continued support for both, although the idea of preferential pricing for Ebics has been touted in some quarters. For bank-to-bank messaging, Ebics is heavily used in Germany.

As with a number of German companies, Business-Logics has followed Ebics into France, where CFONB, the standardisation office in

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IN BRIEF

Alfa Leasing, a leasing firm in Croatia, has gone live on a new back office system developed with Croatian core banking system vendor, **Abba**. The leasing system, which is based on Abba's core offering, Novo Doba, has been developed jointly between the two firms, with Alfa Leasing being the first user. Dario Smojver, director of Alfa Leasing, says that in the years running up to the financial crisis, leasing in Croatia boomed. The focus of the industry was on sales, and on the IT side in the front office. When the economy turned, however, 'companies couldn't really track contracts and customers to see which ones were dangerous', says Smojver.

Alfa Leasing therefore decided to contact Abba to build a new back office solution. 'We knew Abba had good software for the back office,' says Smojver. As well as producing monthly bills, leasing firms have to deal with insurance, damages, collateral management, risk management and so on. Smojver believes that with the new software, Alfa Leasing is much more efficient than its competitors. 'For other leasing companies, there are many documents that have to be filled in outside of their systems. With our program, we don't have any documents outside the system.' Meanwhile, thanks to changed working practices as well as the new back office system, Smojver states that Alfa Leasing can run on 50 per cent fewer employees than its competitors.

Abba is still 'polishing' the leasing system, says Eduard Rupcic, head of sales at the vendor, and intends to offer it commercially. The vendor has also recently seen its iPhone banking application go live at a domestic bank, Banka Splitsko Dalmatinska. It is currently looking for partners elsewhere in Europe to help sell Nova Doba.

Central Bank of Oman automates banking sector supervision and analysis with FRSGlobal

FRSGlobal is supplying its regulatory reporting and risk management suite to the Central Bank of Oman (CBO), as part of the institution's Banking Oversight and Research Solutions (BORS) programme. CBO was not available to comment, but Roy Barnes, head of operations for FRSGlobal in the Middle East, says that the regulator wanted 'to introduce new systems to improve efficiency, tighten internal procedures and control, improve communications and raise the standards of banking supervision'.

CBO went through a lengthy and 'extremely thorough' evaluation process. Barnes cannot disclose competitors' names, but notes that 'a number of vendors and approaches were explored, ranging from pure system integrators to recognised leading players in the financial systems market'. The offerings had to meet 'stringent demands' of the two main departments: the bank supervision department, which oversees banking activity in Oman; and the department for economic research and statistics, which produces, for example, CBO's bulletin reports.

Barnes believes that FRSGlobal's 'wide experience' in regulatory and risk compliance projects and interacting with regulatory entities around the globe helped the vendor to secure the deal. Following eleven months of 'quite intense discussion and exchange of information', the final agreement was signed in late June 2010. The implementation kicked off in August and is scheduled for

completion in phases throughout 2011. Barnes points to 'a significant task to gather the data required and to ensure seamless automation of tasks' as the main challenges but notes that these issues are expected in 'a project of this scope'. The work is being carried out jointly by CBO and FRSGlobal teams.

CBO will implement FRSGlobal's DataFoundation, RegPro, ReportBuilder and CalculationEngine. The vendor's software includes regulator-specified reporting templates, validations and allocations that will form the basis of CBO-specific outputs for bank surveillance and internal reporting requirements. The bank's objective is to develop a 'single source of truth', which will enable its departments to access data provided by the country's banks and financial institutions, and also acts as a reliable source of data for generating reports and analysis.

Other recent IT-related initiatives of CBO include the consolidation of payment software, from two independent switches into one national switch. ACI Worldwide has been contracted for this project (IBS, May 2010, CBO consolidates payment software). And in autumn 2009, CBO embarked on the replacement of Sungard's Avantgard Quantum with Wallstreet Suite from Wall Street Systems, to cover foreign reserve management and payment operations (IBS, November 2009, Wall Street Systems grows central bank client list). The big bang go-live was scheduled for August 2010.

IN BRIEF

Babylon Bank in Iraq has chosen **Capital Banking Solutions'** core banking offering, Capital Global Banking. The bank considered **BML's** ICBS and **ICS's** Banks before making its choice. The system, formerly known as Orion Finance, is used widely in Africa and has a few clients in the Middle East. Babylon Bank, which was established in 1998, has eight branches across the country.