

CASE STUDY



Profiting from Treasury Transformation

HPB Croatia



YOUR INNOVATION PARTNER



Profiting from Treasury Transformation

OVERVIEW

The Challenge

HPB was operating on a disparate platform where many tasks were performed manually. This was time consuming for bank staff and entailed high costs for the bank to maintain multiple legacy applications. With trading volumes increasing globally and ever-increasing emphasis on risk management, HPB needed a solution that would enable it to grow through automation of processes on an integrated platform.

The Solution

A robust, scalable treasury solution to introduce and manage newer products in the treasury space. The solution also included integrated trade capture and risk management features. Finacle treasury solution powered by its Limits module was ideal to equip HPB with efficient risk monitoring.

The Benefit

Finacle treasury solution replaced the bank's legacy system and helped strengthen its competitive position by enabling innovation, greater process efficiencies as well as by meeting the new regulatory requirements, including Basel II.

PROFILE

Hrvatska Postanska Banka (HPB) is the largest state-owned bank in Croatia. Among the fastest growing players in the Croatian Banking market, its large asset base and total equity places it in the seventh position with a 4.2% market share. Owing to a strategic partnership with the Croatian Post, the bank is a market leader in payment transactions using the Croatian Postal Network.

HPB is a universal bank, serving corporate as well as individual clients, offering a wide range of products and services. It is especially noted for its contribution to the Small and Medium Enterprises (SME) sector as well as to the investment banking space.

KEY BUSINESS DRIVERS



Prior to Finacle treasury, HPB was operating on a disparate platform where tasks such as transfer of deals from third party platforms to the treasury system, posting of accounting entries to the back office, generation of SWIFT messages and reports were performed manually. This was time consuming for bank staff and also entailed high costs for the bank to maintain multiple legacy applications.

With trading volumes increasing globally and ever increasing emphasis on risk management, HPB needed a solution that would enable them to grow through automation of processes on an integrated platform and minimal manual intervention. Finacle treasury powered by its limits module equipped the bank with efficient risk monitoring on an integrated platform.

“

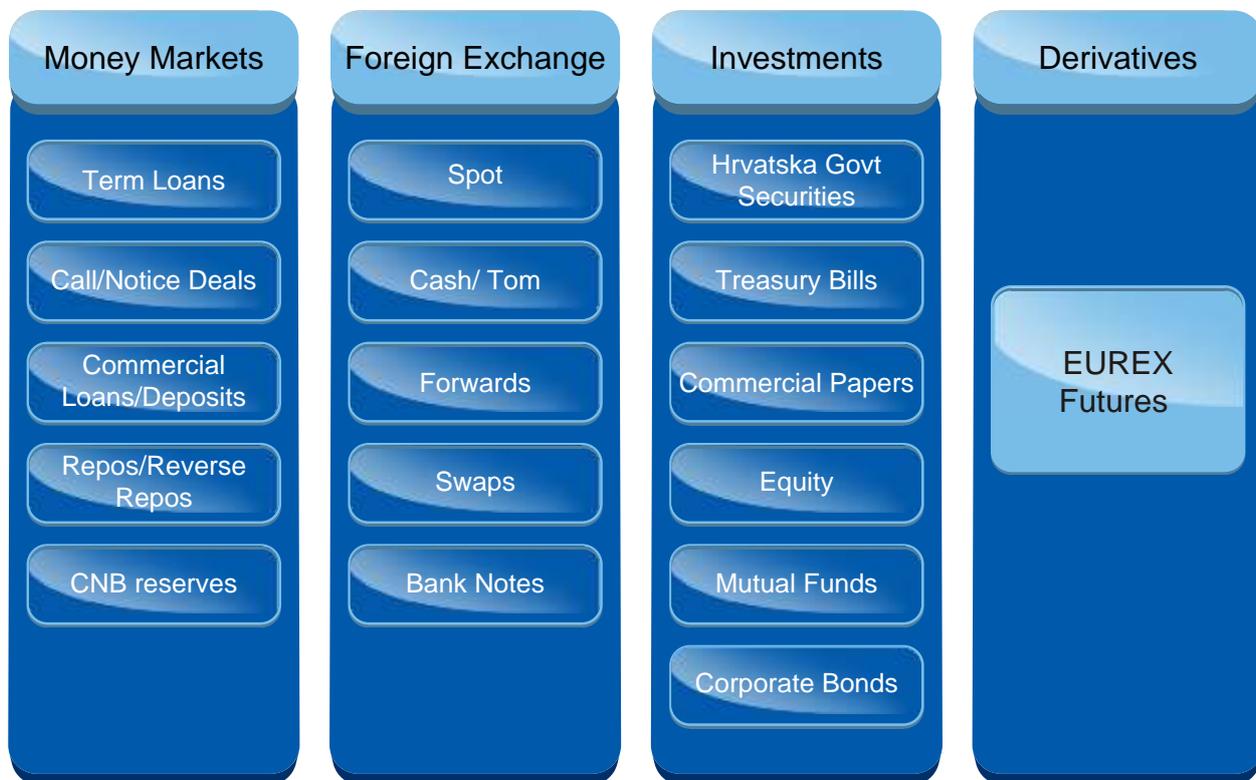
“Finacle treasury solution has enabled us to streamline operations, improve efficiencies and augment our service offerings to our customers. The adaptability of the solution combined with the comprehensive functionalities delivers an increased cost-benefit ratio and higher operational efficiencies which will enable us to achieve customer delight.”

”

Mr. Saša Stankovi ,
Senior Executive Director of
Project Management Office, HPB

SOLUTION OVERVIEW

The product coverage at HPB is reflected in the chart below:



The treasury solution, powered by its limits module, equips HPB with better risk management

As trading volumes increase, banks look to replace multiple legacy systems with a single integrated platform. With newer products being introduced in the treasury space, there is greater need for a robust, scalable treasury product. Moreover, with ever-increasing emphasis on risk management in the current global scenario, banks look at an integrated trade capture and risk management solution. Finacle treasury solution powered by its Limits module equips HPB with more efficient risk monitoring.

The need to manage a new and relatively unknown language and culture posed unique challenges for the implementation team. To add to this, during the project, the regulatory environment was very dynamic leading to multiple iterations while defining product parameters.

The biggest challenge faced was to enable the product to handle the Croatian regulatory environment. Through an extensive study of

Croatia-specific requirements and leveraging the product's flexibility to accommodate enhancements and customizations, a solution for the Croatian market was effectively designed.

Yet another challenge was integration of the treasury solution with the bank's existing retail banking solution, until the time the bank went live on Finacle core banking solution. An interface was created with the local payment system in Croatia- HSVP or CLVPS (Croatian Large Value Payment System) to develop a comprehensive payments solution.

Data migration was complex as two different systems were used by the bank for treasury operations and data had to be collated before migration.

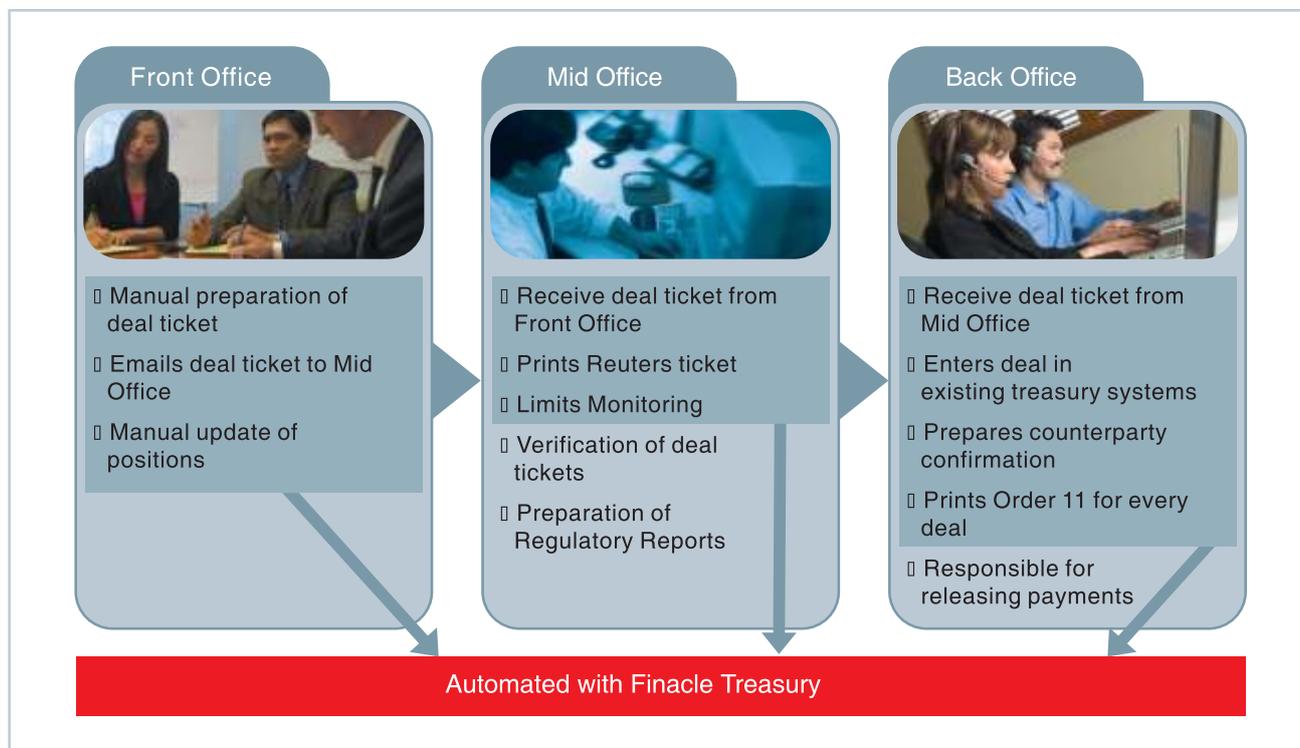
Two product versions were released before go-live. Comprehensive testing of these releases was a herculean task.

Snapshot of the manual processes automated with the implementation of Finacle treasury solution.

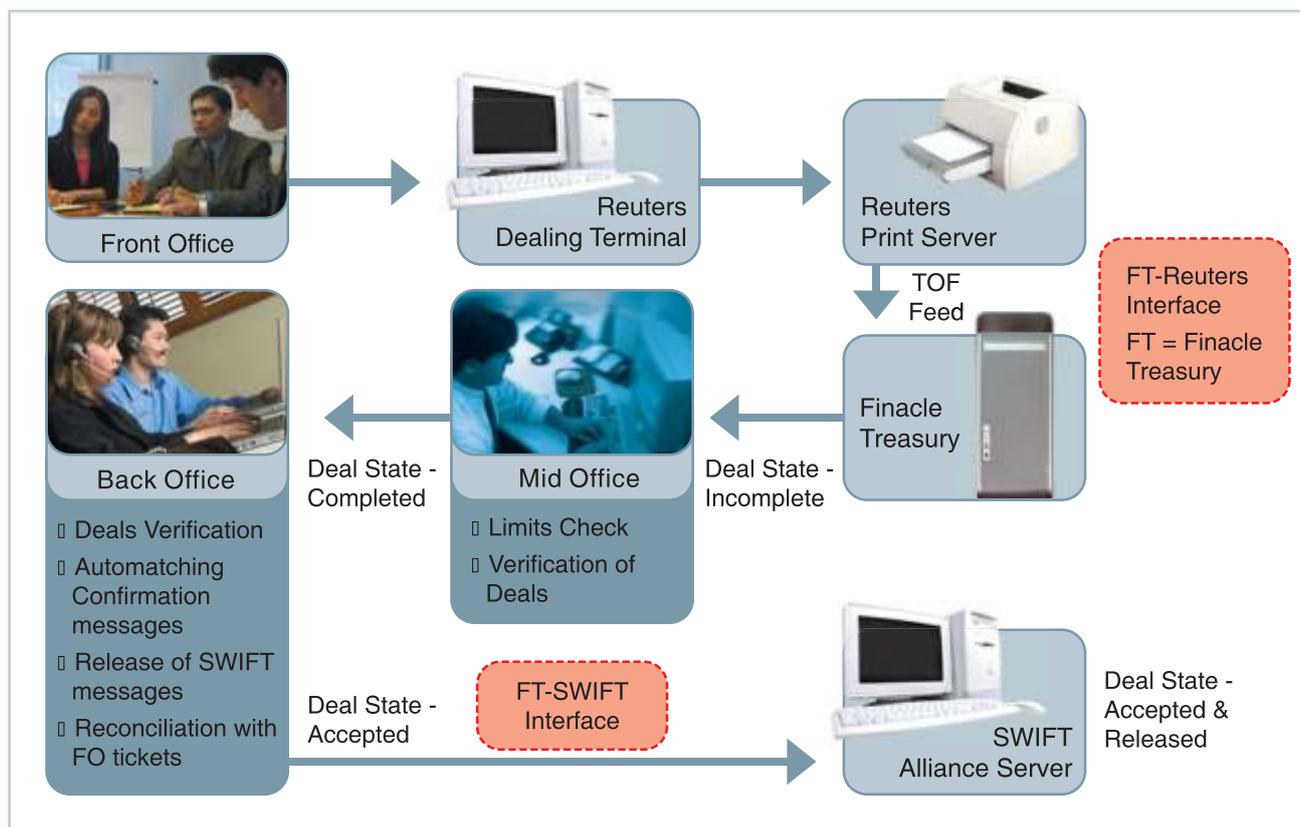
Sr.	Manual Process (Automated)	Finacle Process No.
1.	Deals entered in Reuters system had to be manually specified again in the Astra System. The dealer had to manually prepare deal tickets	The treasury interfaces with the Reuters Dealing 3000 and supports real-time upload of all Money Market, Foreign Exchange and Swap deals
2.	Position updated by the dealer in the blotter maintained in Microsoft Excel	Real-time position update in Finacle treasury solution
3.	Limits monitored outside the system	Online Limit monitoring and breach analysis
4.	Manual preparation of deal tickets and confirmations	Deal tickets are not printed as they are available in the system. Confirmations are system generated and printed on demand
5.	Croatian Central Bank regulatory reports manually created because data was housed in two separate legacy systems	Automatically required data extracts are transferred to Regulatory Reports database
6.	SWIFT messages manually created for security buy-sell deals, repo deals, futures, FX forwards and swaps	Automated SWIFT message creation and sending from Finacle treasury solution
7.	Commercial loan deals processing manually executed in back office - booking of due and undue interest, maturity of deals	Deal is processed and booked according to parameterization on the deal level
8.	FX swap deals have been separated in two systems - spot leg was created and booked in one system, forward leg in another. Payments on forward leg were created manually	FX swap deals are processed in one system, payment SWIFT messages created automatically

Overview of the processes at HPB Croatia before and after Finacle treasury solution implementation:

Before Finacle Treasury Implementation:



After Finacle Treasury Implementation:



REAPING THE BENEFITS

HPB was impressed with the flexibility provided by Finacle treasury solution through its robust customization infrastructure. Finacle treasury solution replaced the bank's legacy system and helped strengthen its competitive position by enabling innovation, greater process efficiencies as well as by meeting the new regulatory requirements, including Basel II.

Implementation of the treasury solution reduced paper-work at the department level through automation and integration of the front office, middle office and back office. HPB Croatia can now monitor a deal through its entire life-cycle, through various stages at each department. STP enabled by Finacle treasury solution has helped the bank reduce operational risk. Report generation, in accordance with the regulatory requirements of CNB has been enabled, leading to easier and streamlined reporting.

To realign and leverage technology to meet business requirements, the bank sought:

- Realignment of business processes with industry best practices which was achieved by adopting the treasury solution; this also resulted in reduced

manual workload and maintenance costs

- Highly parameterized product definition functionality permitting the bank to structure the system to support its internal and regulatory requirements
- Extensibility, flexibility and scalability of Finacle to empower growth and expansion
- Risk management functions to facilitate efficient risk monitoring
- Optimal reports to meet the regulatory requirements of Croatian National Bank.
- STP at every level, delivered through Finacle treasury solution, considerably reducing operational costs, while improving resource management and productivity

HPB has found that the workload of its employees has been greatly reduced since implementation of the treasury solution, as it has automated a large number of processes, manually addressed otherwise. This enabled the bank to harness resources more effectively to expand and grow in a competitive market.

Finacle - Universal Banking Solution

Finacle from Infosys partners with banks to power-up their innovation agenda, enabling them to differentiate their products and service, enhance customer experience and achieve greater operational efficiency. Finacle solutions address the core banking, wealth management, CRM, Islamic banking and treasury requirements of retail, corporate and universal banks worldwide and provide online marketing tools like Finacle finanz tools. Finacle solutions also empower banks with multiple sales, service and marketing channels including e-banking, mobile banking and call centers. These offerings make Finacle a strong innovation-facilitator enabling banks to accelerate growth, while maximizing value from their large scale business transformation.

Infosys. The Organization behind Finacle.

Infosys Technologies Ltd. (NASDAQ: INFY) defines, designs and delivers IT enabled business solutions. Infosys' offerings span business and technology consulting, application services, systems integration, product engineering, custom software development, maintenance, re-engineering, independent testing and validation services, IT infrastructure services and business process outsourcing. Infosys today has more than a third of its business coming from the banking and financial services industry and has a strategic focus on this segment.

USA/LATAM/CARIBBEAN

Vikas Gupta

Tel.: +1 908 450 8220
Fax: +1 908 450 8201

SOUTH ASIA

Venkatramana G

Tel.: +91 98452 19809
Fax: +91 80 2852 1747

EMEA

Amit Dua

Tel.: +44 776 651 0099
Fax: +44 207 715 3301

APAC

South East Asia/Greater China/
Japan/Korea

Mahesh DK

Tel.: +91 98450 69004
Fax: +91 80 2852 1747

Australia/New Zealand

Shubhomoy Banerjee

Tel.: +61 400 954702
Fax: +61 3986 02999

e-mail: finaclemktg@infosys.com
www.infosys.com/finacle



YOUR INNOVATION PARTNER

Infosys Technologies Limited

Plot No. 44, Electronics City, Hosur Road, Bangalore - 560100. India
Tel.: + 91 80 28520261, Fax: + 91 80 28521747, e-mail: finaclemktg@infosys.com
Join us on Twitter, LinkedIn and Finacle Whiteboard at
www.infosys.com/finacle/networking.asp