

Silverlake Axis Fintech's Foray Reaps Benefits for Banks

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**DR RAYMOND KWONG,
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**SOURCE:
FORBES ASIA**

For years, banks controlled the entire banking value chain. From customer acquisition, product development, sales, marketing and product management, user and customer experience, account information and data processing – banks have been in control of what, where and how customers consume their financial services.

Now, the whole financial services industry is going through a renaissance. Led by a new breed of organizations dubbed financial technology (fintech) companies, these players have been forcing traditional banks, insurers and wealth management service providers to rethink how they approach their customers.

Customers today are demanding new services from their providers – one that puts customers in the driver's seat rather than the other way round. According to a 2016 World Banking Report study, consumers are also much more likely to refer friends and family to their fintech provider (55%) than to their bank (38%).

What are the implications of these customer changes in behaviour for a company such as Silverlake Axis, the leading banking software provider in Southeast Asia, which has been providing software to banks to run and transform their banking processes since its inception over twenty five years ago?

“Our founder, Goh Peng Ooi, developed our software for core banking operations back then using mathematical principles” says Dr Raymond Kwong, CEO and group managing director of Silverlake Axis. “Now that traditional banking boundaries are broken, operating models and software capabilities need to be reimagined.”

Evolving Digitally

Goh, a passionate mathematician, believes that mathematics should shape the evolution of Silverlake Axis. Goh believes that fintech is merely one example of how the financial services industry is rethinking digital approaches to their business. "In Silverlake Axis, we call this whole digital approach to banking the 'Digital Frontier'."

According to Soo Ching Choo, the group managing director in charge of the Digital Frontier business, the company began building its innovative brand-new digital banking platform in 2012 with the aim of helping banks to compete with the 'fintechs' by transforming quickly to the needs of the digital economy and enabling the new digital customer journeys.

"Digital transformation isn't merely about customer convenience or banks providing a better mobile app or using technology to provide business as usual services cheaper and faster." Soo Ching emphasized that "Digital transformation is about starting with the customer and re-imagining a new digital business model from there".

The challenge facing many traditional banks is that their current infrastructure and banking applications do not support these reimagined customer journeys. That is why Digital Frontier has developed its new ready-made platform offering support for every step of the customer journey from the customer experience to the fully automated fulfilment process with real-time updating of accounts and system of record. This unified platform is offered as a set of configurable components to enable a bank to take just those components it needs to deliver its differentiated customer journey.

REVOLUTIONIZING THE INDUSTRY

At the heart of the Silverlake Digital Frontier offering lies a unified platform for automated digital banking supporting all channels. The platform was designed using an "outside-in" approach, focusing on providing consistent, comprehensive access to customer services from any touchpoint. The Silverlake platform features out-of-the-box end-to-end processes, enabling banks to launch new offerings on a plug-and-play basis.

Component processes can be reused in whole or in part – for example, the process of gathering customer information for loan applications may have much in common with the process of gathering information for new account openings. By using the same core business logic for both processes,

the platform can dramatically accelerate development, improve maintainability, and reduce costs.

Soo Ching Choo explains: "Our standardized platform enables banks to add or adapt products and policies much more quickly, and at substantially lower cost. What's more, they can be confident that the updates will be reflected consistently across all channels and processes, which improves the customer experience and helps banks to ensure policy compliance."



People's Bank and Silverlake Digital Economy awarded The Best Branch Digitisation Initiative Application or Programme for 2018 at The Asian Banker Financial Technology Innovation Awards 2018

Source: <http://www.theasianbanker.com/updates-and-articles/peoples-bank-and-silverlake-digital-economy-awarded-the-best-branch-digitisation-initiative-application-or-programme-for-2018-at-the-asian-banker-financial-technology-innovation-awards-2018>

Customers and Banks Benefit

Digital Frontier's reimagined capabilities have been foundationally built using configurable components on open technology. Platform components have been deployed along the way in banks in Brunei, Dubai and Sri Lanka to test out the relevance of these capabilities. The new digital banking platform combines Silverlake Axis' rich expertise in core banking with reimagined digital customer experience and service fulfilment processes that deliver better customer propositions and service levels.

Implementations of these reimagined customer offerings have helped Bank Islam Brunei Darussalam in 2016 and People's Bank, Sri Lanka in 2018 win Asian Banker Innovation Awards for their transformation successes. Soo Ching highlighted that "To compete in this fast-moving world, banks need to rethink how they use technology to provide customer service; similarly, software vendors need to rethink their offerings to help banks transition into the digital age."

In conclusion, Kwong remarked that "Silverlake Axis has long been the leader in core banking in Southeast Asia. We are well prepared with ready-made operating models and new digital platform software to proactively help our clients. Our goal now is to replicate our previous core banking software success with our next generation of digital banking software in Asia, Middle East and Europe." •

GROUNDBREAKING RESULTS

Bank Islam Brunei Darussalam (BIBD) was the first bank to deploy the Platform to support its digital business strategy starting with self-service and merchant features. Soo Ching comments "Already, around 75 percent of BIBD's clients regularly use the new mobile banking app, and customers interact with the bank at least 18 times per month through digital channels. Then we implemented express banking in the branches, where a sales assistant takes a customer through various product offerings on a tablet; as a result, new account openings increased six-fold. Building on this success, BIBD has moved other parts of its banking operations onto the Silverlake Platform."

Another Silverlake client, Commercial Bank International (CBI) in the United Arab Emirates, recently conducted a 'big bang' deployment of multiple Platform modules including new channels for online and mobile

banking – automated around 70 percent of the bank's inbound straight-through processing. In addition, the bank has accelerated application processing for conventional and Islamic finance from days to minutes.

Silverlake Digital Frontier has also teamed up with the People's Bank of Sri Lanka – the nation's second-largest bank – on a multi-stage transformation of its banking systems. The first two phases are live – new digital paperless processes for opening new accounts which allows the bank to approve account applications in real time and new self-service mobile and internet services for retail and corporate customers, dramatically improving the customer experience.



Silverlake Digital Economy in Banking

Background

In 2012 the founder of Silverlake, in conjunction with a new team from an international bank background, set up a new company 'Silverlake Digital Economy' to devise a way of simplifying the business problem of managing continuous change in banks as customers embrace mobility and the pace of business change increases. The goal of Silverlake Digital Economy was to develop a bank-wide unified Platform of customer experience and customer fulfilment services that would sit in front of any bank's systems of record, including core banking. The resulting, newly architected Silverlake FINTECH Banking Platform provides a properly layered solution for meeting the needs of customers, whilst positioning Core Banking as a manufacturing system to meet the needs of bank management and regulators. The Platform is architected to be agnostic to core banking vendors and acts as a 'CO-Core' to the Core; the CO-Core focused on the customer, the Core on bank manufacturing and regulatory needs.

Deployments

The 'anchor bank' for the development of the Silverlake FINTECH Banking Platform since 2013 has been Bank Islam Brunei Darussalam (BIBD). A number of applications have been delivered to BIBD using the FINTECH Banking Platform in accordance with the bank's highly successful digital banking strategy. One of these applications (an assisted-service bank sales and service model) won an Asian Banker award for Best Smart Branch Project in 2016.

The Platform has reengineered all of a commercial bank's fulfilment processes (for example account opening, origination, account maintenance, payments) into digital operating models that can be executed STP. These digital operating models are designed around the customer and provide an end-to-end (e2e) solution (for example the loan fulfilment process begins with the customer application (on any channel) and ends with disbursement - cutting across multiple existing bank organization silos). These new operating models and the business service software components that automate these fulfilment processes were launched to the market in the second half of 2015.

Two more banks committed to the Platform at the end of 2015 - Commercial Bank International (CBI) in the UAE and People's Bank of Sri Lanka. CBI chose to deploy multiple FINTECH Banking Platform modules and a new version of Silverlake Core Banking as a 'Big Bang' deployment; this was achieved in June 2017. People's Bank has chosen to deploy the selected modules of the FINTECH Banking Platform in phases; the first phase - a new sales and service model for branches - was launched at the end of July 2017.